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MARKETING and TRANSPORTATION SITUATION

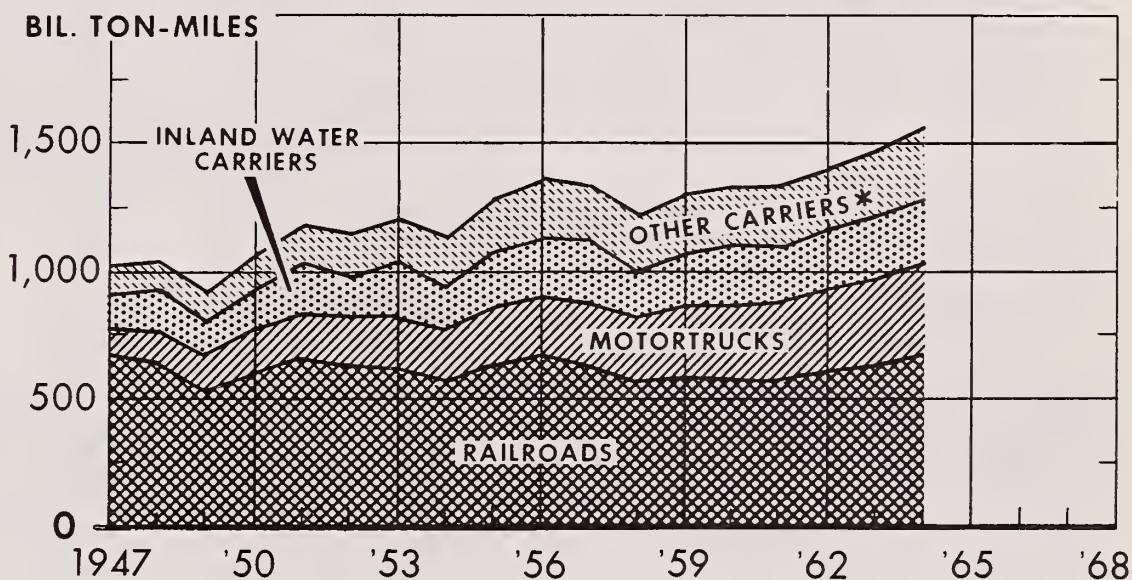


MTS-157

MAY 1965

Rail freight traffic, including that in unmanufactured farm products, has been relatively stable since 1947. However, the proportion of intercity freight hauled by railroads declined from 65 percent in 1947 to 43 percent in 1964. During 1947-64, freight hauled by motortrucks increased every year except 1954. These carriers accounted for 24 percent of the total intercity freight in 1964 compared with 10 percent in 1947. Truck traffic in farm products, particularly perishable farm products, has increased substantially. Year-to-year fluctuations in freight carried on inland waterways have been large, accompanying variations in production of primary raw materials, the principal cargo of the barges. This traffic made up 16 percent of the total in 1964 compared with 14 percent in 1947.

INTERCITY FREIGHT TRAFFIC BY MODES OF TRANSPORT



INCLUDES BOTH FOR-HIRE AND PRIVATE TRANSPORTATION.

* AIRWAYS AND PIPELINES (OIL).

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 3661-65 (4) ECONOMIC RESEARCH SERVICE

FOR 3 P.M. EDT RELEASE, MAY 14

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U. S. Dept. of Agriculture

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STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period	1964				1965
		Year	Jan.-Mar.	July-Sept.	Oct.-Dec.	Jan.-Mar.
<u>Farm-to-retail price spreads</u>						
Farm-food market basket: 1/						
Retail cost	Dol.	1,015	1,011	1,024	1,019	1,015
Farm value	Dol.	373	371	384	379	382
Farm-retail spread	Dol.	642	640	640	640	633
Farmer's share of retail cost	Pct.	37	37	37	37	38
Cotton: 2/						
Retail cost	Dol.	2.17	2.16	2.17	2.19	---
Farm value	Dol.	.31	.32	.31	.30	---
Farm-retail spread	Dol.	1.86	1.84	3/1.86	3/1.89	---
Farmer's share of retail cost	Pct.	14	15	14	14	---
Cigarettes: 4/						
Retail cost	Ct.	29.6	---	---	---	---
Farm value	Ct.	3.78	---	---	---	---
Federal and State excise taxes	Ct.	12.9	---	---	---	---
Farm-retail spread excluding excise taxes	Ct.	12.9	---	---	---	---
Farmer's share of retail cost	Pct.	13	---	---	---	---
<u>General economic indicators</u>						
Consumers' per capita income and expenditures: 5/						
Disposable personal income	Dol.	2,248	2,194	2,263	2,289	2,316
Expenditures for goods and services	Dol.	2,078	2,140	2,102	2,104	2,158
Expenditures for food	Dol.	416	410	421	423	429
Expenditures for food as percentage of disposable income	Pct.	18.5	18.7	18.6	18.5	18.5
Hourly earnings, production workers, manufacturing: 6/	Dol.	2.53	2.51	2.59	2.59	2.60
Hourly earnings of food marketing employees 7/	Dol.	2.25	2.24	2.29	2.30	---
Retail sales: 8/						
Food stores	Mil. dol.	5,183	5,112	5,192	5,338	5,313
Apparel stores	Mil. dol.	1,297	1,228	1,327	1,335	1,261
Manufacturers' inventories: 8/						
Food and kindred products	Mil. dol.	6,030	6,195	6,194	6,197	6,177
Textile mill products	Mil. dol.	2,837	2,821	2,829	2,811	2,818
Tobacco products	Mil. dol.	2,359	2,344	2,322	2,312	2,325
Indexes of industrial production: 9/						
Food and beverage manufactures	1957-59=100	121	120	124	123	---
Textile mill products	1957-59=100	123	119	132	133	---
Apparel products	1957-59=100	134	132	141	---	---
Tobacco products	1957-59=100	121	118	122	---	---
Index of physical volume of farm marketings	1957-59=100	118	90	127	87	89
<u>Price indexes</u>						
Consumer price index 6/	1957-59=100	108.1	107.7	108.9	108.9	109.0
Wholesale prices of food 6/	1957-59=100	100.8	100.5	101.1	101.2	101.8
Wholesale prices of cotton products 6/	1957-59=100	99.6	101.1	99.5	99.6	99.6
Wholesale prices of woolen products 6/	1957-59=100	103.0	103.3	103.4	103.3	103.1
Prices received by farmers 10/	1957-59=100	98	99	98	98	99
Prices paid by farmers, interest, taxes, and wage rates 10/	1957-59=100	107	107	108	109	109

1/ Contains average quantities of farm-originated foods purchased annually per household in 1960-61 by wage-earner and clerical-worker families and single workers living alone. Estimates of the farmer's share do not allow for direct Federal payments to producers, except for the value of wheat marketing certificates. 2/ Data for average family purchases in 1950 of 25 articles of cotton clothing and housefurnishings divided by number of pounds of lint cotton required for their manufacture; see U.S. Dept. Agr. Mktg. Res. Rpt. 277. Data for 1964 differ slightly from these previously published. 3/ Farm-retail spread does not include Federal payments, which began in April 1964, of 6.5 cents per pound made through issuance of payment-in-kind certificates to domestic users of eligible U.S. raw upland cotton. 4/ Data for package of regular-sized popular brand cigarettes; farm value is return to farmer for 0.065 lb. of leaf tobacco of cigarette-types; data for year ended June 30, 1964. 5/ Seasonally adjusted annual rates, calculated from Dept. of Commerce revised data. 6/ Dept. Labor. 7/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. Labor. 8/ Seasonally adjusted, Dept. Commerce. Sales data for 1964 are averages of monthly totals (unadjusted). Inventory data for 1964 are book values at end of year (adjusted). 9/ Seasonally adjusted, Board of Governors of Federal Reserve System. 10/ Converted from 1910-14 base.

THE MARKETING AND TRANSPORTATION SITUATION

Approved by the Outlook and Situation Board, May 5, 1965

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SUMMARY

Charges for marketing farm-originated food products averaged 1 percent lower in the first quarter this year than in the preceding quarter. Marketing charges decreased significantly for the meat products and poultry and eggs groups and negligibly for bakery and cereal products. Spreads for the other major food groups increased.

Prices received by farmers for products in the market basket averaged about 1 percent higher in the first quarter of 1965 than in the preceding quarter. Most of the increase resulted from higher prices for meat animals and for potatoes. Farm prices of potatoes averaged 46 percent higher than in the previous quarter. Farm prices for several products declined.

Retail prices of farm-originated food products were slightly lower in the first quarter this year than in the preceding 3 months. However, these prices were higher than a year earlier.

Farmers received an average of 38 cents of the dollar consumers spent for farm food products in the first quarter of this year, 1 cent more than in the previous quarter and a year earlier.

Total net income of leading companies that process and distribute farm products was larger in 1964 than in 1963. Net income as a percentage of sales was higher in 1964 for all groups of companies except those processing sugar. Net income as a percentage of net assets was also higher in 1964 for leading manufacturing and distributing companies except those manufacturing sugar and tobacco products.

Highlights of Special Articles

Grain Shipments Through Great Lakes Ports, p. 13 .--Shipments on the St. Lawrence Seaway in 1964 totaled 39 million tons compared with 31 million in 1963 and about 21 million in 1959, the year the Seaway

opened. The navigation season lasted longer than usual last year, helping to set another record volume of shipments. Wheat and other grains accounted for about 15 million tons of the 1964 volume.

About half this grain came from U.S. ports on the Great Lakes--mostly from Duluth-Superior, Chicago, and Toledo. More than half the volume of U.S. grain exported from Great Lakes ports went directly overseas. A smaller volume was unloaded at Canadian ports, mostly to be transhipped later. Corn accounted for 50 percent of the volume of U.S. grain exported from Great Lakes ports, and soybeans made up 21 percent of the total. Wheat and barley each accounted for about 12 percent.

Although the volume of U.S. grain exported from Great Lakes ports increased in 1964, these ports accounted for a smaller share of total U.S. grain exports. The share exported through Gulf ports increased, while the proportions moving out of ports on the Atlantic and the Pacific declined.

Shipments on the St. Lawrence Seaway are expected to increase again in 1965. Improvements in facilities for handling ocean vessels are expected to attract ships to the Seaway.

An Analysis of Intrastate Truck Rates on Hauling Raw Cotton in the Southeastern United States, p. 16.--A cotton traffic flow pattern study in 1963 revealed that the motor truck had emerged as the dominant carrier of raw cotton grown within the Southeastern United States. Because of the heavy reliance on the motor truck in intrastate movements, a study was made of charges for hauling raw cotton in Georgia, North Carolina, and South Carolina. Charges for services by the many motor carriers consist of two parts--line-haul rates and accessorial charges. Each of these States has its own rate structure, but in each State there is a close correlation between distance and line-haul rates.

Line-haul charges, derived from actual rates, increased as distance increased.

As size of shipment increased up to a maximum of 50,000 pounds, line-haul charge per 100 pounds decreased. Although actual rates in each State were not compared directly, rate calculations indicated that truckload rates for equal distances were highest in South Carolina, except those for 50,000-pound loads hauled relatively short distances. Georgia had the lowest rates for 15,000- and 25,000-pound minimum weight loads. That State did not have rates for 50,000-pound loads. Less-than-truckload rates were about the same in the 3 States.

Interstate Shipments of Fresh Fruits and Vegetables by Rail and Truck, p. 25 .

--A large part of the fruit and vegetable production is in specialized areas distant from many of the large population centers. Consequently, transportation is particularly important in marketing these products. In 1963, there were 14 million tons of the major fruits and vegetables shipped interstate. More than half of this volume originated west of the Mississippi River. Twenty-two major market areas east of the Mississippi received half of this volume.

The trucking industry has greatly increased its share of these interstate shipments in recent years, accounting for 55 percent in 1963. Fresh fruits and vegetables received at major markets from nearby areas arrived mainly by trucks. Also trucks evidently are making an increasing proportion of intermediate and long hauls. Trucks provide faster service on these hauls than rails.

Trucking Under the Agricultural Exemption, p. 29 .--Although farmers and ranchers operate nearly 29 percent of all U.S. trucks, most of their vehicles are not suitable for long hauls (p. 32). Much of the motor truck transportation required to carry agricultural commodities from farms to consumers is hired under the terms of the "Agricultural Exemption." This provision in the Interstate Commerce Act exempts any motor truck from economic regulation while carrying in interstate commerce commodities listed as "exempt."

Exempt for-hire motor carriers and private motor carriers are the two principal haulers of exempt agricultural commodities. The unregulated nature of these carriers and their low overhead allow them to provide farmers and assemblers of farm products a seasonal, low-cost service. Motor carriers regulated by the Interstate Commerce Commission also haul agricultural commod-

ities under the exemption, but to a lesser extent.

Truck brokers bring shippers and exempt for-hire carriers together in the marketplace. In addition, they often make short-term loans to carriers for operating expenses and provide insurance coverage for equipment and loads booked with them.

FARM-RETAIL SPREADS FOR FARM-FOOD PRODUCTS

Food Marketing Charges Decline

Charges for marketing farm-food products declined in the first quarter of this year, mainly because of decreases for meat products, poultry and eggs, and fresh fruits. The spread between the total retail cost and farm value of the "market basket" of farm-originated food products averaged \$633 (annual rate) in January-March this year, down 1 percent from the previous quarter (table 2). ^{1/}

The first quarter average was also 1 percent below January-March 1964 (table 17 p. 35). Decreases in the spread for processed fruits and vegetables accounted for much of this decline. The spreads for each processed fruit and vegetable product included in the market basket, except canned corn, canned peas, and navy beans, declined from 1964's first quarter. Declines in farm-retail spreads were particularly significant for frozen orange juice concentrate, canned peaches, and frozen French-fried potatoes. Spreads for the fats and oils and meat products groups and sugar in the miscellaneous group also declined from the year before.

Farm Value Up

The total farm value of the products in the farm-food market basket averaged \$382 (annual rate) in the first quarter this year, up 1 percent from the preceding quarter. The meat products group and fresh vegetables accounted for most of the increase (table 16 p. 34). Farm values of lamb and pork were up sharply, and the farm value of fresh potatoes increased 46 percent from the previous quarter. The farm value of the fats and oils group also was up. Farm values of several other product groups were down.

The market basket farm value in the first quarter was also 3 percent higher than a year earlier. Again, meat products accounted for much of the increase, but significant rises also were made by the fruits and vegetables and fats and oils groups. The farm value for fresh potatoes was up 143 percent from the first quarter of 1964 and that for the fats and oils group was up 35 percent.

Several product groups, however, showed decreases in farm values. The poultry

^{1/} The "market basket" contains the average quantities of domestic farm-originated food products purchased annually per household in 1960-61 by wage-earner and clerical-worker families and single workers living alone. Since the market basket does not contain imported foods or fishery products and other foods of non-farm origin or the cost of meals in eating places, its retail cost is less than the cost of all foods bought per family. The farm value is the return to farmers for the farm products equivalent to the foods in the market basket. The farm-retail spread is the difference between the retail cost and the farm value. It is an estimate of charges made by marketing firms for assembling, processing, transporting, and distributing the products in the market basket.

Table 1.--The farm food market basket: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, 1954-1965 1/

Year and month	Retail cost	Farm value <u>2/</u>	Farm-retail spread	Farmer's share
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Percent</u>
1954	933	396	537	42
1955	917	371	546	40
1956	920	366	554	40
1957	953	380	573	40
1958	1,009	407	602	40
1959	985	377	608	38
1957-59 average	983	388	595	39
1960	991	383	608	39
1961	997	380	617	38
1962	1,006	384	622	38
1963	1,013	374	639	37
1964 <u>3/</u>	1,015	373	642	37
<u>1964</u>				
January	1,014	375	639	37
February	1,012	368	644	36
March	1,006	370	636	37
April	1,004	361	643	36
May	1,000	359	641	36
June	1,008	360	648	36
July	1,023	381	642	37
August	1,021	382	639	37
September	1,028	388	640	38
October	1,022	380	642	37
November	1,018	378	640	37
December	1,019	378	641	37
<u>1965</u>				
January	1,015	381	634	37
February	1,013	382	631	38
March	1,015	384	631	38

1/ Retail cost of average quantities purchased annually per household in 1960-61 by urban wage-earner and clerical-worker families and single workers living alone, calculated from retail prices collected by the Bureau of Labor Statistics.

2/ Payment to farmers for equivalent quantities of farm products minus imputed value of byproducts obtained in processing.

3/ Preliminary estimates.

Table 2.--The market basket of farm foods: Retail cost, farm value, farm-retail spread, January-March 1965 and October-December 1964

Item	Jan.-Mar. 1965	Oct.-Dec. 1964	Change: Jan.-Mar. 1965 from Oct.-Dec. 1964	
			Actual	Percentage
	Dollars	Dollars	Dollars	Percent
Retail cost				
Market basket	1,014.63	1,019.42	-4.79	1/
Meat products	282.31	284.71	-2.40	-1
Dairy products	179.44	179.83	-.39	1/
Poultry and eggs	81.80	86.08	-4.28	-5
Bakery and cereal products	161.01	161.14	-.13	1/
All fruits and vegetables	226.80	226.22	.58	1/
Fats and oils	37.08	35.10	1.98	6
Miscellaneous products	46.19	46.34	-.15	1/
Farm value				
Market basket	382.45	378.73	3.72	1
Meat products	139.92	132.74	7.18	5
Dairy products	79.50	80.75	-1.25	-2
Poultry and eggs	45.63	48.27	-2.64	-5
Bakery and cereal products	33.19	33.29	-.10	1/
All fruits and vegetables	63.56	63.54	.02	1/
Fats and oils	12.72	11.90	.82	7
Miscellaneous products	7.93	8.24	-.31	-4
Farm-retail spread				
Market basket	632.18	640.69	-8.51	-1
Meat products	142.39	151.97	-9.58	-6
Dairy products	99.94	99.08	.86	1
Poultry and eggs	36.17	37.81	-1.64	-4
Bakery and cereal products	127.82	127.85	-.03	1/
All fruits and vegetables	163.24	162.68	.56	1/
Fats and oils	24.36	23.20	1.16	5
Miscellaneous products	38.26	38.10	.16	1/
Farmer's share of retail cost				
	Percent	Percent	Percentage point	
Market basket	38	37	1	
Meat products	50	47	3	
Dairy products	44	45	-1	
Poultry and eggs	56	56	0	
Bakery and cereal products	21	21	0	
All fruits and vegetables	28	28	0	
Fats and oils	34	34	0	
Miscellaneous products	17	18	-1	

1/ Less than 0.5 percent.

and eggs group was down 8 percent from a year earlier because of lower prices received by farmers for eggs. Sharply lower grapefruit and orange prices reduced the farm value of the fresh fruits group. The miscellaneous group declined mainly because of a decrease in the farm value for sugar.

Retail Cost Down Slightly

The retail cost of the market basket of farm foods averaged \$1,015 (annual rate) in January-March of this year, down about \$5 from the previous quarter. Retail cost was lower for each product group, except fruits and vegetables and fats and oils.

The retail cost was about \$4 higher in the first quarter of this year than in the same quarter of 1964. The increase resulted mainly from higher retail prices for meats, bread and flour, potatoes, and fats and oils products. Increases were offset to some extent by decreases in retail prices of eggs, some processed fruits and vegetables, and sugar.

Farmer's Share Increases to 38 Cents

Farmers received an average of 38 cents of the dollar consumers spent for domestic farm foods in retail food stores in the first quarter this year, compared with 37 cents in the preceding quarter and in January-March 1964. During the preceding 10 years, the quarterly average farmer's share varied from 42 cents in the first quarter of 1955 to as low as 36 cents in the fourth quarter of 1963 and the second quarter of 1964.

Farm Prices of Hogs, Lambs, and Beef Cattle Up--Marketing Charges Decline

The farm value of pork averaged 28.3 cents in the first quarter of this year, up 2.4 cents from the previous quarter and 2.9 cents above a year earlier (table 3). Retail prices for pork averaged 56.8

cents, slightly lower than in the previous quarter but 1.2 cents higher than a year ago. As a result of the increased farm value and lower retail prices, the farm-retail spread averaged 2.7 cents lower in the quarter just ended than in the previous quarter, a decrease of 9 percent. The spread for pork was 6 percent lower this year than a year earlier. Both the wholesale-retail and farm-wholesale segments of the farm-retail spread decreased from the fourth quarter and from January-March last year. Pork production was about 7 percent smaller in January-March this year than in the same period of 1964.

The farm-retail spread for Choice lamb declined to 33.3 cents in the first quarter of this year, 3.8 cents lower than in the previous quarter and 1.6 cents lower than in the first quarter of 1964. Most of the decrease in the farm-retail spread between the fourth quarter of 1964 and the first quarter of 1965 occurred in the wholesale-retail spread. The decline from a year earlier resulted from a decline in the wholesale-retail spread that more than offset an increase in the farm-wholesale spread. The retail price was slightly lower and the farm value was higher in the first quarter this year than in the previous quarter. Both were higher than the first quarter of 1964. The production of lamb was 13 percent smaller in January-March 1965 than in the same period of 1964.

The farm value of Choice beef averaged 43.6 cents in the first quarter of 1965, up 0.9 cent from the previous quarter, reflecting slight increases in prices received by farmers for beef cattle (table 3). Slaughter of steers and heifers showed a 6-percent gain from January-March 1964.

Retail prices lagged behind changes in farm prices. Retail prices of Choice beef averaged 1 percent (0.7 cent) lower than in October-December, and the comparable wholesale value also was down 1 percent (0.5 cent). The farm-retail spread decreased about 4 percent (1.6 cents). The farm-wholesale segment

Table 3.--Beef, pork, and lamb: Retail price, wholesale value, farm value, farm-retail spread, and farmer's share of retail price by quarters, 1964-65

Date	Retail price per pound 1/	Wholesale value 2/	Gross farm value 3/	Byproduct allowance 4/	Net farm value 5/	Farm-retail spread		Farmer's share	
	Cents	Cents	Cents	Cents	Cents	Total	Wholesale- retail	Farm- wholesale	Percent
Beef, (Choice grade)									
1964									
Jan.-Mar.	77.5	52.6	47.1	4.1	43.0	34.5	24.9	9.6	55
Apr.-June	76.0	51.1	44.5	4.3	40.2	35.8	24.9	10.9	53
July-Sept.	78.5	56.4	48.1	4.3	43.8	34.7	22.1	12.6	56
Oct.-Dec.	79.3	54.9	46.9	4.2	42.7	36.6	24.4	12.2	54
1965									
Jan.-Mar.	78.6	54.4	47.9	4.3	43.6	35.0	24.2	10.8	55
Apr.-June									
July-Sept.									
Oct.-Dec.									
Pork									
1964									
Jan.-Mar.	55.6	38.9	6/29.2	6/3.8	25.4	30.2	16.7	13.5	46
Apr.-June	54.8	38.7	6/29.8	6/4.0	25.8	29.0	16.1	12.9	47
July-Sept.	57.9	42.9	6/33.3	6/4.1	29.2	28.7	15.0	13.7	50
Oct.-Dec.	57.1	39.7	6/30.1	6/4.2	25.9	31.2	17.4	13.8	45
1965									
Jan.-Mar.	56.8	41.1	32.8	4.5	28.3	28.5	15.7	12.8	50
Apr.-June									
July-Sept.									
Oct.-Dec.									
Lamb, (Choice grade)									
1964									
Jan.-Mar.	71.9	47.7	44.0	7.0	37.0	34.9	24.2	10.7	51
Apr.-June	72.0	54.1	47.8	7.3	40.5	31.5	17.9	13.6	56
July-Sept.	75.7	56.3	48.7	6.6	42.1	33.6	19.4	14.2	56
Oct.-Dec.	75.5	51.8	45.8	7.4	38.4	37.1	23.7	13.4	51
1965									
Jan.-Mar.	75.4	55.3	50.2	8.1	42.1	33.3	20.1	13.2	56
Apr.-June									
July-Sept.									
Oct.-Dec.									

1/ Estimated weighted average price of retail cuts.

2/ Wholesale value of quantity of carcass equivalent to 1 lb. of retail cuts: Beef, 1.35 lb.; pork, 1.00 lb.; lamb, 1.14 lb.

3/ Payment to farmer for quantity of live animal equivalent to 1 lb. of retail cuts: Beef, 2.25 lb.; pork, 2.00 lb.; lamb, quantity varies by months from 2.33 lb. in April to 2.38 lb. in October.

4/ Portion of gross farm value attributed to edible and inedible byproduct.

5/ Gross farm value minus byproduct allowance.

6/ Revised.

declined about 11 percent and the whole-sale-retail segment declined about 1 percent.

Compared to levels of a year earlier, the farm value, retail price, and farm-retail spread of Choice beef each was up about 1 percent.

Marketing Charges for Processed Fruits And Vegetables Down

The farm-retail spread for processed fruits and vegetables was down about 8 percent in the first quarter of this year from the same quarter in 1964. Spreads declined for all processed fruits and vegetables except canned corn, canned peas, and navy beans. Percentage decreases were largest for canned peaches, frozen orange juice concentrate and frozen French-fried potatoes (table 17, p. 35). Retail prices decreased for more than half of the processed fruits and vegetables in the market basket (table 16, p. 34). The retail price for frozen concentrated orange juice dropped from 32.4 cents in the first quarter of 1964 to 27.4 cents in the first quarter of 1965. Farm values of all these products except canned pears increased from the first quarter of last year. The farm value for French-fried potatoes rose 106 percent from January-March last year.

Farm Value for Fats and Oils Up

The total farm value of the fats and

oils products in the first quarter of this year was up about 7 percent from the previous quarter and 35 percent above January-March 1964. Prices farmers received for soybeans averaged 7 percent higher in the first quarter than in the preceding quarter and 8 percent higher than a year earlier. Farm prices of cottonseed and peanuts also were higher than in the earlier periods. Retail cost for the group rose about 6 percent over the previous quarter and the first quarter last year. The farm-retail spread for this group was 5 percent wider than in the previous quarter; despite this increase, the spread was slightly more than 4 percent smaller than a year earlier.

Potatoes

In response to the short supply of old-crop potatoes, the farm value of 10 pounds of potatoes rose to 42.6 cents in January-March 1965, up 46 percent (13.5 cents) from the previous quarter and 143 percent (25.1 cents) above a year earlier. The retail price averaged 96.3 cents--25 percent higher than in the preceding quarter and 58 percent higher than in January-March 1964. The farm-retail spread averaged 53.7 cents in the first quarter--12 percent more than in the previous quarter and 24 percent above a year earlier.

NET INCOME OF LEADING FIRMS MARKETING FARM PRODUCTS, 1963 and 1964

Net income (profits after taxes on income) of 166 leading food manufacturing firms totaled 13 percent more last year than in 1963, according to data compiled by the First National City Bank of New York (table 4). Among the factors causing the increase in after-tax profits were the reduction in the corporate income tax rate from 52 to 50 percent and the 7 percent investment credit.

Net income as a percentage of sales

was from 0.1 to 0.3 percentage points higher in 1964 than in 1963 for leading firms in each of the food manufacturing industries except sugar. Net income of the 14 sugar processing firms averaged 3.0 percent in 1964, down 0.7 percentage point from 1963. The net income-to-sales ratios ranged from 1.1 percent for 28 leading meatpacking companies to 4.2 percent for 94 manufacturers of "other food products."

Table 4.--Net income of leading corporations marketing agricultural products, 1964 and 1963

Industrial groups	: Number : of : corpo- : rations :	Reported net income after taxes					
		Total		: As percentage : of net assets 1/:		: As percentage : of sales 2/:	
		1964	1963	1964	1963	1964	1963
		1,000	1,000				
		dol.	dol.	Pct.	Pct.	Pct.	Pct.
Manufacturing:							
Food--							
Baking	16	74,945	69,412	11.3	11.0	3.0	2.8
Dairy products ..	14	169,699	146,597	12.2	11.2	3.0	2.8
Meatpacking	28	98,820	65,781	9.0	6.1	1.1	.8
Sugar	14	38,161	48,443	7.7	9.6	3.0	3.7
Other food products	94	535,771	482,003	12.7	12.1	4.2	4.1
Total	166	917,396	812,236	---	---	---	---
Other--							
Brewing	16	57,947	50,887	10.1	9.1	4.6	4.2
Distilling	15	134,236	121,492	8.5	7.9	4.2	4.0
Tobacco products	15	297,116	293,947	13.4	14.0	6.2	6.1
Textile products	70	222,995	172,848	9.0	7.1	3.5	3.0
Clothing and apparel	91	118,286	99,042	13.0	12.0	3.6	3.4
Distributing:							
Chain food stores	61	307,024	267,583	12.5	11.5	1.4	1.2
Department and specialty stores	80	333,862	263,814	11.9	9.9	2.7	2.3

1/ Book net assets at the beginning of the year are based on the excess of total balance-sheet assets over liabilities.

2/ Includes income from investments and other sources as well as from sales.

Compiled from "Monthly Economic Letter," published by The First National City Bank, New York, April 1965.

Net income as a percentage of net assets (also known as stockholder's equity) was higher in 1964 than in 1963 for leading firms in 4 of the 5 food manufacturing groups (table 4). The 14 firms in the sugar group averaged 7.7 percent in 1964 compared with 9.6 percent in 1963. Among the other industry groups, net income-to-asset ratios varied in 1964 from 9.0 percent for meatpacking corporations to 12.7 percent for manufacturers of "other food products." Total income after taxes for the 28 firms in the meatpacking industry increased 50 percent between 1963 and 1964.

Industries processing nonfood farm pro-

ducts also had higher total net incomes in 1964 than in 1963. Net income as a percentage of sales likewise was higher in 1964 than in 1963 for each of these industries. The ratio of net income to net assets also was higher in 1964 for each of these industries except tobacco products manufacturers. Their ratio decreased from 14.0 percent in 1963 to 13.4 percent in 1964.

Total profits of 61 leading retail food chain companies were 15 percent greater in 1964 than in the preceding year. Ratios of net income to sales and to net assets also increased (table 4).

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:

GRAIN SHIPMENTS THROUGH GREAT LAKES PORTS ^{1/}

The volume of traffic moving through the Great Lakes and the St. Lawrence Seaway continued to increase in 1964. This increase was aided by an extended navigation season, which for the first time allowed ship movement through the waterway for an 8-month season. The Seaway season for 1964 opened April 8 and the last ship cleared St. Lambert lock on December 7, 1964. In previous years, freezing conditions closed the Seaway earlier. The record annual volume in 1963 was surpassed during October 1964.

Tonnage transported through the St. Lawrence Seaway in 1964, originating both in Canada and the United States, totaled 39.3 million tons compared with 30.9 million in 1963 and 20.6 million in 1959, its first year of operation. Thus, tonnage has increased about 91 percent since the first year. Total bulk traffic in 1964 was 35.6 million tons compared with 28 million in 1963.

Grain Shipments--Export and Domestic

Wheat and other grains (including soybeans) accounted for about 15 million tons of the 1964 volume. Almost 7 million tons came from U.S. ports on the Great Lakes.

Duluth-Superior, Chicago, and Toledo originated most of the shipments of U.S. grain destined for Canadian and foreign ports. By volume, grain exports from the 3 ports were 233.8 million bushels and made up 94 percent of exports from all U.S. Great Lakes ports in 1964.

Grain shipments for export from the Duluth-Superior port area increased 11 percent from 1963 to 1964--even though a dock strike prevented ships from loading from July 4 to mid-August, 1964. The most noticeable increases were in

soybeans, 6.7 million bushels; corn, 5.5 million bushels; and barley, 4.6 million bushels. Shipments of wheat, oats, and rye decreased (table 5).

Chicago exported 78.7 million bushels of grain in 1964, a 16 percent increase over 1963. Corn and soybeans accounted for the increase, while wheat exports decreased slightly.

Grain exports from Toledo declined 11 percent from 1963 to 1964 even though exports of corn and soybeans increased about 7 million bushels. Wheat exports accounted for the decrease.

The overall volume of U.S. grain shipments via the Lakes, including exports and domestic shipments, decreased slightly in 1964 even though the total export volume was up. Domestic shipments, practically all of which move to Buffalo, N.Y., dropped 24 percent from 1963 to 1964.

Domestic shipments from Chicago and Toledo increased for both corn and wheat in 1964. However, a decline of 36 percent at Duluth-Superior, the major originating port for domestic lake shipments, was sufficient to cause an overall decline in domestic lake shipments of grain from 1963 to 1964. The midsummer dock strike probably accounted for the drop in shipments from Duluth-Superior to Buffalo and other U.S. ports. Grain that ordinarily moved by water was shipped by rail. Rail shipments of all grain from Duluth-Superior were up 15.9 million bushels in 1964 from 1963, and lake shipments were down 18.0 million bushels.

Of all exports of grain from Great Lakes ports, 134.7 million bushels were shipped directly overseas, and 112.8 million bushels were shipped to Canada, mostly for transshipment and "topping off," or completing the loads at down-river ports on vessels too large to navi-

^{1/} By Joseph R. Corley, industry economist, Marketing Economics Division, Economic Research Service, USDA.

Table 5.--U.S. grain exports and domestic shipments from principal U.S. Great Lakes ports, by type, 1963 and 1964

Grain and destination	1963					1964				
	Duluth- Superior	Chicago	Toledo	Total	Duluth- Superior	Chicago	Toledo	Total		
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
Canada and overseas										
Wheat	16,863	3,208	22,364	42,435	15,511	2,029	9,875	27,415		
Corn	27,290	48,005	22,394	97,689	32,798	57,131	24,084	114,013		
Barley	24,925	---	---	24,925	29,504	---	---	29,504		
Soybeans	7,035	16,348	13,456	36,839	13,762	19,084	17,735	50,581		
Other 1/	17,199	---	---	17,199	11,864	409	---	12,273		
Total	93,312	67,561	58,214	219,087	103,439	78,653	51,694	233,786		
Domestic										
Wheat	61,825	4,693	1,351	67,869	37,210	7,056	2,405	46,671		
Corn	470	8,233	690	9,393	290	10,281	704	11,275		
Barley	6,025	---	---	6,025	5,793	---	---	5,793		
Soybeans	---	---	---	---	---	---	---	---		
Other 1/	9,814	---	---	9,814	7,009	95	---	7,104		
Total	78,134	12,926	2,041	93,101	50,302	17,432	3,109	70,843		
Total	171,446	80,487	60,255	312,188	153,741	96,085	54,803	304,629		

1/ Includes oats, rye, and flaxseed.

Compiled from Weekly Vessel Clearances of Grain, Boards of Trade at Duluth, Chicago, and Toledo.

gate the Seaway with a full cargo. Canada received 11.9 million bushels for its own use; 94.8 million bushels were reshipped to overseas destinations, and the remaining 6.1 million bushels were held in storage at Canadian elevators. The major transshipping and "topping off" points in Canada are Baie Comeau, Montreal, and Three Rivers, all on the lower St. Lawrence River.

Type of Grain Shipped

Of the various grains exported through the Great Lakes ports, corn accounted for 49 percent of the total volume. Soybeans were 22 percent of total shipments; barley and wheat each accounted for about 12 percent. Exports of corn, soybeans, and barley increased from 1963 to 1964, while wheat exports declined. Although the volume of wheat from Duluth-Superior and Chicago to foreign ports decreased, lower wheat shipments from Toledo accounted for the greater portion of the decline in total wheat exports from the Great Lakes ports. Toledo's wheat shipments to foreign markets dropped 12.5 million bushels from 1963 to 1964. This decline was sufficient to offset the increases in corn and barley shipments, so that overall, Toledo's grain export volume decreased.

Great Lakes' Portion of Total Exports

The volume of grain exported through

Great Lakes ports increased about 5 percent from 1962 to 1964. However, the portion of total U.S. grain exports moving through lake ports declined about 2 percentage points (table 6). Of total grain exports, the portion shipped through Gulf ports increased over 6 percentage points from 1962 to 1964. The Great Lakes, the Atlantic, and the Pacific ports accounted for smaller shares of total grain exports in 1964 than in 1962.

Outlook

This year promises to be another good year for Great Lakes shipping. Ports are continuing to improve their facilities for handling ocean vessels. During the winter season of 1964-65, while the channel was closed, the Welland Canal was further improved to facilitate more rapid movement of vessels through the locks. Such improvements will increase the number of vessel passings per day during navigation. As the canal and port facilities are improved for handling ocean vessels, more of them will become available to move grain from Great Lakes ports. Tradesmen, in anticipation of a full operating season unmarred by labor-management problems, expect 1965 to continue the rate of traffic growth of earlier years. Additional factors, such as continuing demand for U.S. grain and the development of new markets, will help determine the increase in the flow of agricultural products through the Great Lakes.

Table 6.--Percentage of total grain inspections for export, by areas, 1962-64

Year	Port area				
	Great Lakes	Atlantic	Gulf	Pacific	Total
	Percent	Percent	Percent	Percent	Percent
1962	17.4	12.2	58.4	12.0	100.0
1963	15.7	12.8	57.3	14.2	100.0
1964	15.2	9.6	64.7	10.5	100.0

Compiled from Grain Market News, Grain Division, Consumer & Marketing Service, U.S. Dept. Agr.

AN ANALYSIS OF INTRASTATE TRUCK RATES ON HAULING RAW COTTON IN THE SOUTHEASTERN UNITED STATES ^{1/}

In 1963 the Commodity Credit Corporation office in New Orleans surveyed warehouses approved for storage of Government-loan cotton. The information gathered provided the Department with its most complete national cotton traffic flow pattern in over 30 years. ^{2/} It showed a shift from rail to truck in moving cotton from warehouses in certain Cotton Belt areas, particularly in the Southeast. The motortruck has emerged as the dominant carrier of cotton grown within the Southeast. ^{3/}

Cotton Shipments, Southeastern Region

The Southeastern region includes Alabama, Georgia, North Carolina, and South Carolina--major cotton-milling States accounting about 90 percent of U.S. domestic mill consumption. Thus, most shipments of cotton originating in the Southeast were limited mainly to intrastate hauling and movements within the region. Since most of these were short hauls, trucks were the major carriers, hauling 55 percent of the total shipments originating within the region. In addition, trucks hauled practically all of the Southeastern-produced cotton that was shipped intrastate to mills. Intrastate shipments were extremely heavy in each of the States, ranging from 40 percent of the total shipments originating in Alabama to 84 percent in North Carolina.

Because of their dependence upon truck transportation, this article analyzes motortruck charges for hauling raw cotton within the Southeastern States, except Alabama. Unlike Georgia, North Carolina, and South Carolina, Alabama does not

regulate the movements of raw cotton within its borders, so Alabama's truck rates are not available.

Motortruck Rate Structure

Charges for services by motor carriers may be divided into two broad groups: (1) Line-haul rates, the rates charged for hauling freight from origin to destination, and (2) accessorial or ancillary charges, separate charges for additional, special, or supplemental services, although some of these may be included in the line-haul rate.

While there are innumerable accessorial services available to shippers under the line-haul rate systems of motor carriers in the Southeast, there are basically two general types of freight rate structures: Distance-rate structures and group-rate structures. These types overlap, and a particular rate structure may possess characteristics of both types. Both are based on several variables, such as the value of service, weight and density of the commodity, competition, carriers' "costs" of transportation, and service as it relates to distance. However, the precise effects of each of these factors on truck rates are not known. Because freight rates generally tend to increase with distance, linear least squares regressions were developed for each State to estimate the relation between line-haul rates for cotton and distance. In addition, because accessorial services are such an important reason for using trucks to haul cotton, they will also be listed and compared.

^{1/} Prepared by Joseph R. Potter, Jr., former agricultural marketing specialist, Marketing Economics Division, Economic Research Service, USDA.

^{2/} Joseph R. Potter, Jr., and Dewey L. Pritchard, "The Traffic Pattern of Raw Cotton Shipped from Warehouses in the United States, 1961-62." Marketing and Transportation Situation, May 1964.

^{3/} Thirty-three percent of the total U.S. truck shipments of cotton were accounted for by the States within the Southeastern region in the 1961-62 season. Potter and Pritchard, op. cit., p. 34.

North Carolina

In making freight rates and determining rate and tariff policies and practices, motor carriers in North Carolina and South Carolina are aided and their work is coordinated by freight traffic associations of which individual cotton truckers are members. In North Carolina, two traffic associations publish intrastate cotton rates, which are subject to final approval of the State utility commission.^{4/} Shippers and carriers generally are in agreement that the association method of ratemaking represents the most practical and orderly procedure for the formulation of rates. Both North Carolina rate associations publish identical line-haul rates on cotton.^{5/}

North Carolina's line-haul rates on raw cotton are based on a combination distance and group-rate system. The characteristic feature of this group-rate system is the grouping of points of origin and destination surrounding an important city and giving the same rate to and from all points within this group. Groups for ratemaking purposes may include only a city and its surrounding metropolitan area, or the rate group may include many shipping and receiving points in a large geographical area.^{6/} In North Carolina, the rate-grouping system is on a county-to-county basis, and the principal base

point is the county seat (figure 1).^{7/} For example, in Gaston County the county seat is Gastonia, and 40 cities within the county take the Gastonia rates. While differences in distance are partly ignored under this system, usually the more distant groups take higher rates than less distant groups. And because the actual rates are related to the rate base, the transportation cost to the shipper increases with distance. Cotton rates generally lend themselves to this group-rate system since cotton receiving points are clustered together in certain well-defined areas of North Carolina.

To find how rates for hauling cotton vary with distance in North Carolina with its hundreds of origin and destination combinations, it was necessary to use in out least-squares regression an arbitrary number of points based upon data gathered from the flow pattern study. The origins and destinations were determined in the following manner: Warehouses in 30 cities and 20 major cotton milling cities were selected. The 1961-62 flow pattern study showed that over 90 percent of all cotton moved intrastate by truck went through these points. There were 592 point-to-point rates ascertained by this method.^{8/} However, because the rate structure is based on the grouping system, these points account for hundreds of additional cities.

^{4/} The North Carolina Motor Carriers Association, Inc. of Raleigh publishes cotton rates in its local cotton motor freight tariff No. 7-F (N.C.U.C. No. 59). The Motor Carriers Traffic Association, Inc. of Greensboro publishes cotton rates in its local class and commodity motor freight rate tariff No. 3-D (N.C.U.C. No. 33) under item 30050. No individual motor carrier publishes rates on raw cotton.

^{5/} The North Carolina Utilities Commission prescribed rate base numbers in Docket T-825 Sub 20 of October 5, 1960, effective January 1, 1961. The rate base numbers are based on the shortest mileage between points over which a fully loaded truck could legally travel.

^{6/} The size of a rate group normally depends on type of traffic and length of haul, and the shape of the group depends on the competitive relations of the cities and towns in the group.

^{7/} There is an exception to this general rule in that 5 cities (High Point, Rocky Mount, Hatteras, Ocracoke, and Atlantic) take their own rate base. In addition, there are cities, such as Kannapolis, which lie in two counties (Rowan and Cabarrus). However, only one rate basis is used, and in this case it is that for Concord, the county seat of Cabarrus.

^{8/} From these observations, the average length of haul was found to be 124.7 miles, about what North Carolina officials estimated.

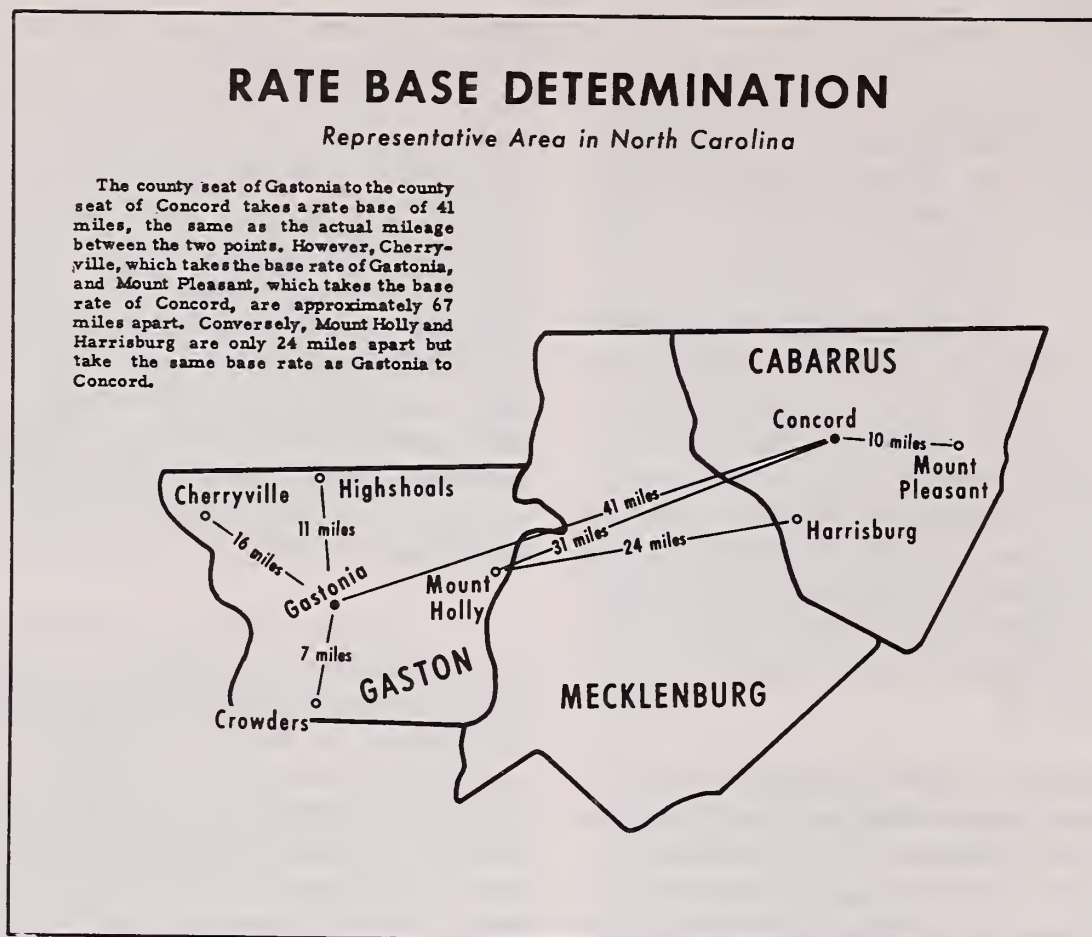


Figure 1

The relation between line-haul rates and distance was derived by the simple regression equation: $Y = a + bX$, where Y is the computed rate in cents per 100 pounds, and X is the distance in miles. The coefficient a represents a base charge that does not vary with distance; the coefficient b shows the increase in the rate for each additional mile hauled (table 7).

All of the correlation coefficients equaled or exceeded 0.976, which indicates a high degree of relationship between distance and rate. The above calculations show the cost advantages gained by shippers on the volume rates. For example, costs per added mile go down (.322 to .135 cent) as the minimum truckload increases. Although the base charge is highest for the 50,000-pound minimum, because of the lower additional charge per mile, the total charge may be lower. Raw cotton which does not have to move great distances is transported throughout the Southeast in the bulky, so-called flat bale. A 25,000-27,000-pound truckload of these flat bales is about the limit, be-

cause of their height and width, that one trailer can legally handle. However, shipments in excess of 50,000 pounds and moved on 2 trucks take the 50,000-pound rate. According to State officials this 50,000-pound rate was originally put in to meet rail competition. Only North and South Carolina have these large-volume minimums.

South Carolina

South Carolina's ratemaking procedures are also based on the rate bureau method. However, unlike North Carolina, only one association (The Motor Truck Rate Bureau, Inc., Agent of Columbia, S. C.) published intrastate rates on raw cotton.

South Carolina's line-haul truck rates are also based on a combination distance and group-rate systems. However, in contrast to North Carolina's extensive use of rather large geographical areas in its group rate system, South Carolina uses only a base city and the surrounding area. Nevertheless, mileages from some

Table 7.--Regression coefficients for calculation of line-haul rates per 100 pounds of raw cotton, North Carolina

Size	Base rate (a)	Increase per added mile (b)
	Cents	Cent
Less-than-truckload ^{1/}	9.86	0.322 (+.003)
15,000-pounds truckload minimum weight	8.84	.184 (+.001)
25,000-pounds truckload minimum weight	7.95	.168 (+.001)
50,000-pounds volume minimum weight	10.03	.135 (+.001)

^{1/} Example: Rate = Base rate + increase per added mile times mileage. Hence, for a 100-mile shipment, the LCL rate = 9.86 + 0.322 x 100 = 42 cents.

shipping points and their base points are considerable. For example, the town of Manning takes Sumter as its rate base point, although it is 19 miles away. While all of North Carolina's rate base numbers were originally based on highway mileage between county seats, South Carolina initially used the old Short Line Railroad mileage system. These basing numbers have now been adjusted more closely to the actual highway mileage, although one can still see the influence of the railroad system. For example, the city of St. George takes Pregnall as its base point, and Beaufort takes Coosaw as its base point. Yet, these base points are not on State highway maps because they are only old railroad junction points. Other railroad-oriented peculiarities also persist. The more distant points normally take a higher rate base than less distant points, although the mileage relationship is not as pronounced as in North Carolina. This indicates greater competition between rival producing centers to sell goods in a common market.

Although there is only one rate association in South Carolina, 2 separate line-haul rate schedules are published within the one tariff. One set of rates under item 2440 (S.C.P.S.C.-MF No. 90) applies to all but 8 motor carriers. These 8 carriers take another set of rates under item 2445 of the same tariff, except when

raw cotton is being moved from a State or Federal warehouse. Then the rates shown in item 2440 will apply for 4 of these 8 carriers. Although the majority of motor carriers under item 2440 publish rates ranging from LTL shipments to truckload volumes of 50,000 pounds, these 8 carriers compete in only the 15,000- and 20,000-pound levels of rates. In addition, they compete in a more limited geographical area than the majority, and their rates are somewhat higher. Except for one carrier in Georgia, South Carolina publishes the only rates for 20,000-pound loads in the 3 States. Rates and distances for a selected number of origins and destinations were used in a linear regression analysis to determine the average relation between charges and distance (table 8). ^{9/} Whereas 20 major cotton milling cities were again used, only 15 warehouse cities were needed. According to the 1961-62 survey, approximately 90 percent of all South Carolina's cotton that moved intrastate by truck went through these selected points. All of the correlation coefficients equaled or exceeded 0.938.

Georgia

Georgia's raw cotton, unlike that of North and South Carolina, moves under a dual truck-tariff system. Most eligible

^{9/} Distances for 291 origin-destination combinations indicated that the average haul in South Carolina was 96.4 miles.

Table 8.--Regression coefficients for calculation of line-haul rates, per 100 pounds of raw cotton, South Carolina

Size	Most carriers <u>1/</u>		All other carriers <u>2/</u>	
	Base rate (a)	Increase per added mile (b)	Base rate (a)	Increase per added mile (b)
	Cents	Cent	Cents	Cent
Less-than-truckload	9.51	0.322 ($\pm .005$)	---	---
15,000-pound truckload				
minimum weight	8.94	.228 ($\pm .004$)	15.03	0.274 ($\pm .004$)
20,000-pound truckload				
minimum weight	7.61	.200 ($\pm .003$)	14.98	.202 ($\pm .002$)
25,000-pound truckload				
minimum weight	6.62	.190 ($\pm .003$)	---	---
50,000-pound volume				
minimum weight	7.29	.169 ($\pm .003$)	---	---

1/ Carriers hauling under item 2440 of S.C.P.S.C. Tariff MF-No. 90.

2/ Carriers hauling under item 2445 of S.C.P.S.C. Tariff MF-No. 90.

truckers haul raw cotton under a commodity tariff published by the Georgia Public Service Commission. However, 17 independent motor carriers publish separate cotton tariffs approved by the Commission.

Line-haul rates published both by the State and the 17 independent motor carriers are strictly mileage or distance rates. That is, a rate is published to apply for a specified distance or a distance falling within specified mileage blocks. Thus, in this respect it differs from a specific rate, which applies between named stations. These rates increase more or less proportionately with the distance the freight is hauled. Except for the cities immediately around Atlanta and Augusta, there are no rate groupings in Georgia such as those in the Carolinas.

For convenience in constructing rate schedules, Georgia uses zones. Cotton rates are established for blocks of 5 miles, and move progressively into 10-mile and then 20-mile increments.

A regression analysis was used to measure the average relation between truck rates published by the Commission and distance (table 9). ^{10/} The three correlation coefficients equaled or exceeded 0.994, the highest of the 3 States.

Each of the 17 independent carriers has its own rate structure. Rates of most of these carriers for movements of the same distance vary only a few cents per 100 pounds. However, rates of some firms are relatively low for short distances and increase rapidly with distance, while rates of other carriers are higher for short hauls but increase little with distance.

Comparison of Line-Haul Charges

Motortruck line-haul charges per hundredweight for moving raw cotton within the 3 Southeastern States increase as distance increases. Figure 2 and table 10 show State rates for varying distances calculated by regression equation. These

^{10/} Because of the lack of a set number of observations, such as that used in North and South Carolina, the average length of haul could not be calculated. However, it would be within a range of 0 to 200 miles.

By Motortruck

FREIGHT RATES RELATED TO MILEAGE

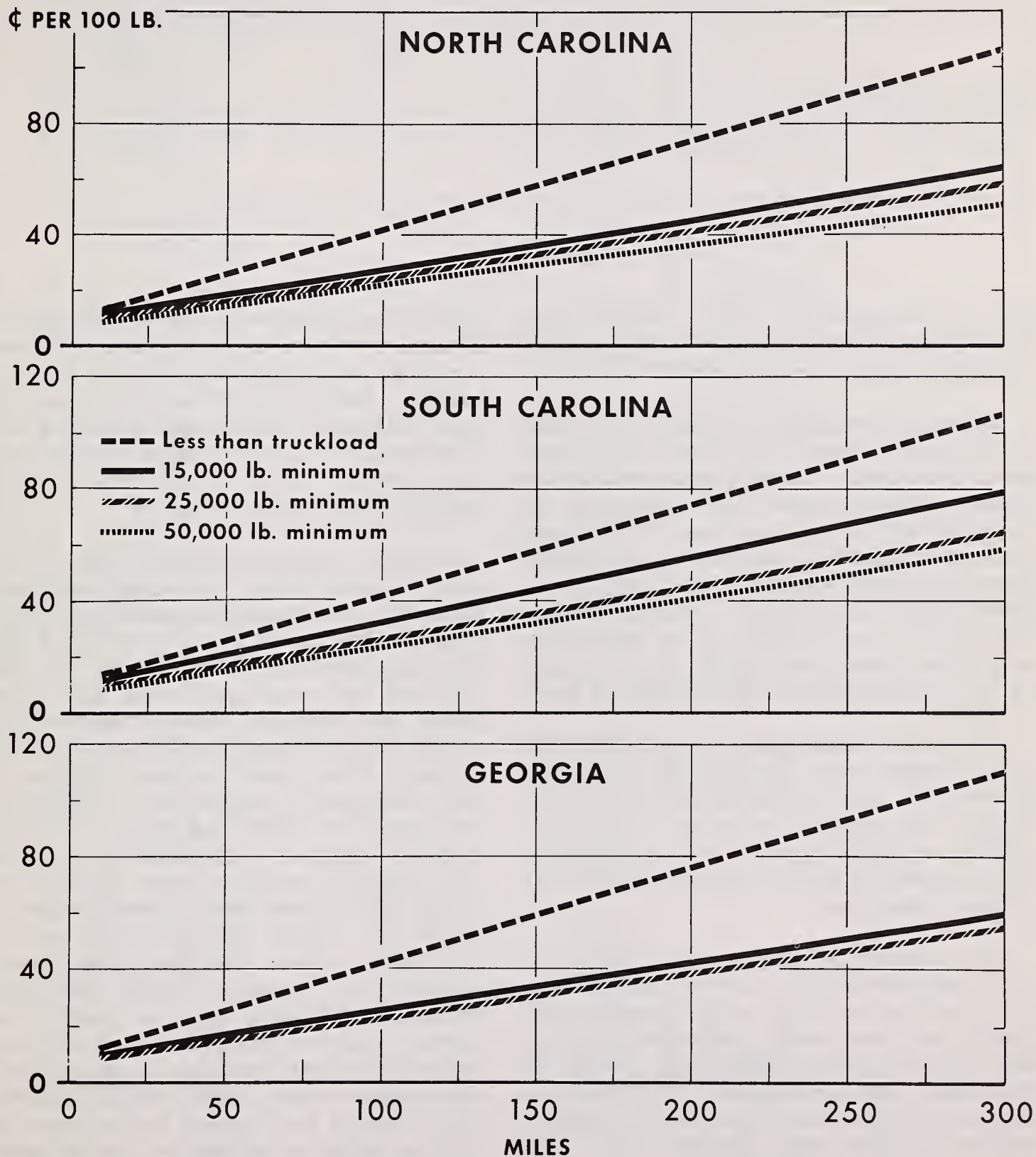


Figure 2

Table 9.--Regression coefficients for calculation of line-haul rates per 100 pounds of raw cotton, Georgia

Size	Base rate (a)	Increase per added mile (b)
	Cents	Cent
Less-than-truckload	8.93	0.338 (+.003)
15,000-pound truckload minimum weight	9.11	.170 (+.002)
25,000-pound truckload minimum weight	7.57	.158 (+.002)

are not necessarily actual rates; particular rates for movements from one point to another may be somewhat different.

Less-than-truckload rates for equal distances are about the same in North and South Carolina. These rates tend to increase slightly more with distance in Georgia than in the Carolinas. Truckload rates are highest in South Carolina, except those for 50,000-pound loads hauled relatively short distances. Georgia's rates for 15,000- and 25,000-pound minimum weight loads are the lowest. Georgia does not have rates for the 50,000-pound load.

While each State has an ascending rate scale, there are nevertheless several differences in their structures. For example, the spread between Georgia's 15,000- and 25,000-pound minimum rate is much closer at a given distance than that of South Carolina.

The enormous number of line-haul rates and accessorial services and charges in existence today result mainly from special and piecemeal attempts to adjust rates and services to numerous individual situations and problems. No where is this more apparent than in the motor carrier freight rate structure on raw cotton within the Southeast.

Comparison of Accessorial (Additional) Services and Charges

Southeastern motor carriers offer many

special services to accommodate shippers. These services, for which there is usually a charge, are provided for in the carriers' tariffs. Table 11 lists the various services and charges by the motor carriers in the 3 States. For a more detailed accounting, the reader may consult the various tariffs cited in the footnotes.

Several services and charges are common to the 3 States, but significant variations have developed because of the varying competitive conditions within each State. For example, all 3 States provide for a stop-off en route privilege, but in each State the number allowed and charges made vary. Paradoxically, some carriers actually offer services and charges that are designed to discourage a particular movement. For instance, a Georgia carrier charges a flat \$25 for detention of equipment, whereas most Georgia carriers offer a free time allowance and a \$4 to \$6 per hour charge. Furthermore, the main reason for the wide gaps in services and charges among the various States is that some agencies publish their cotton rates in general commodity tariff while the others publish a special cotton commodity tariff. In other words, services and charges are geared to the movement of many other commodities beside cotton. Nevertheless, the rates and services, where applicable, must by law, be applied regardless of the commodity.

Table 10.--Line-haul rates per 100 pounds of raw cotton, calculated from regression equations, North Carolina, South Carolina, and Georgia

	North Carolina						South Carolina 1/						Georgia											
	Less : than :			:15,000 lb. :			:25,000 lb. :			:50,000 lb. :			Less : than :			:15,000 lb. :			:25,000 lb. :			:50,000 lb. :		
	truck- load :			:(mini- mum) :			:(mini- mum) :			:(mini- mum) :			truck- load :			:(mini- mum) :			:(mini- mum) :			:(mini- mum) :		
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	
Length of haul																								
50	26	18	16	17	26	20	16	16	16	16	16	16	16	26	18	15								
100	42	27	26	24	42	32	26	26	26	26	26	26	26	43	26	23								
150	58	36	33	30	58	43	35	35	35	35	35	35	35	60	35	31								
200	74	46	42	37	74	55	45	45	45	45	45	45	45	77	43	39								
250	90	55	50	44	90	66	54	54	54	54	54	54	54	93	52	47								
300	106	64	58	51	---	---	---	---	---	---	---	---	---	110	60	55								

L/ Rates calculated for item 2440 carriers only; calculated rates for item 2445 carriers would be higher. Rates for 20,000 lb. minimum load (item 2440) are not shown.

Less than truckload:

$$Y = 9.86 + .322X$$
$$Y = 9.51 + .322X$$

15,000 lbs. minimum:

$$Y = 8.94 + .184X$$
$$Y = 8.94 + .228X$$

25,000 lbs. minimum:

$$Y = 7.95 + .168X$$
$$Y = 6.62 + .190X$$

50,000 lbs. minimum:

$$Y = 10.03 + .135X$$
$$Y = 7.29 + .169X$$

Table 11.--Accessorial services and charges applying on southeastern intrastate raw cotton traffic

Services	North Carolina			Georgia	
	North Caro-	Motor	South Carolina	Public	Individual
	lina Motor	Carriers		Service	cotton
	Carriers	Traffic		Commission	trucker
	Association,	Association,			tariffs
	Inc.	Inc.			
	Charges 1/	Charges 2/	Charges 3/	Charges 4/	Charges
1. Stop-off en route	8½ per 100 lb. 5/	10¢ per 100 lb. 6/ X/	\$5.00 per stop 7/	50¢ per bale 8/	Range - 8½¢ per 100 lb. to \$6.00 per stop 9/
2. Diversion and reconsign- ment	\$3.03	\$3.03	\$3.36	N/S	N/S
3. Detention and equipment	N/S	\$2.00 for each 30 minutes	\$2.00 for each 30 minutes	N/S	Range - \$4.00 to \$6.00 per hour
4. Vehicles provided but not used	N/S	30¢ per mile X/	N/S	N/S	Range - 20¢ to 40¢ per mile
5. Handling freight at po- sition not immediately adjacent to the truck	N/S	25¢ per 100 lb. X/	25¢ per 100 lb. X/	N/S	N/S
6. Redelivery service	N/S	14¢ per 100 lb. X/	25¢ per 100 lb. X/	N/S	25¢ per 100 lb. X/
7. Storage	N/S	3¢ per 100 lb. for first 5 days- 5¢ per 100 lb. thereafter X/	6¢ per 100 lb. X/	N/S	N/S
8. Loading and unloading vehicles	N/S	N/S	25¢ per 100 lb. X/	N/S	Range - 25¢ to 50¢ per bale
9. Off-route stop-offs of deliveries	N/S	N/S	N/S	N/S	Range - 35¢ to 50¢ per mile
10. Furnishing extra driver	N/S	N/S	N/S	N/S	15¢ per mile

1/ For a more detailed accounting of the services and charges, see the North Carolina Motor Carriers Association, Inc., Tariff No. 7-F (N.C.U.C. No. 59).

2/ For a more detailed accounting of the services and charges, see items 100011, 100015, 100020, 100070, 100071, 100072, 100080, 100110, and 100130 of the Motor Carriers Traffic Association's, Inc., (Local Class and Commodity Motor Freight Rate Tariff No. 3-D N.C.U.C. No. 33).

3/ For a more detailed accounting of the services and charges, see items 55, 70, 71, 72, 73A, 85A, 90A, and 2440, Motor Truck Rate Bureau, Inc. Agent Joint and Local Commodity Rate Tariff No. 2-L (S.C.P.S.C. MF-No. 90).

4/ For a more detailed accounting of the services and charges, see the Georgia Public Service Commission Commodity Tariff No. 1 (G.S.P.C. MF-No. 9).

5/ 3 stops allowed - exclusive of the original pickup.

6/ 3 stops allowed - exclusive of the final delivery.

7/ 3 stops allowed - excluding initial pickup and final delivery.

8/ 5 stops allowed.

9/ Range of stop-offs: 3 to no limit.

X/ Subject to either a minimum or maximum charge.

N/S No service or charge is provided in the tariff.

INTERSTATE SHIPMENTS OF FRESH FRUITS AND VEGETABLES BY RAIL AND TRUCK ^{1/}

U.S. production of leading fruits and vegetables (including potatoes and sweet potatoes) has totaled close to 50 million tons annually since 1960. This abundant yield is the product of between 7 and 8 million acres. All States have some commercial acreage. However, fruit and vegetable production varies considerably in kind, quantity, and season among the States. Each State must rely in part on other States to provide its supply of fruits and vegetables. During 1963, rail and motor carrier transported (in fresh form) almost 29 percent of the country's total production of 16 major fruits and 21 principal vegetables to markets outside the producing State--there to be merchandised mainly as fresh produce.

Interstate Shipments

Principal origins.--In 1963, more than 14 million tons of fresh fruits and vegetables (37 major commodities) were hauled by rail and truck from production centers to many interstate markets (table 12). More than half of this volume originated west of the Mississippi River--most of it from the 3 Pacific Coast States and Arizona, Idaho, and Texas. California ranked first among the 48 contiguous States in interstate shipments. Florida, Maine, New York, New Jersey, and Michigan originated 72 percent of the tonnage transported from the 26 States east of the Mississippi River. Florida ranked second and Maine third in interstate shipments among the 48 States. Each of the 48 States originated interstate shipments of fruits and vegetables. But 37 accounted for only one-fifth of the annual interstate shipments.

Principal destinations.--Each of the 48 contiguous States received interstate shipments of fresh fruits and vegetables in 1963. Destinations of many of these shipments are unknown. However, about

two-thirds of all this traffic terminated at 15 western and 22 eastern markets (table 13). Close to 67 percent of the country's population is located in these 37 cities or within a radius of 100 miles. Altogether, 9 million tons of fresh fruits and vegetables from out-of-State producing areas were unloaded in these 37 receiving centers in 1963. About 7 million tons were received at the eastern markets. Four cities--New York, Chicago, Philadelphia, and Boston--were destinations for about a fourth of the total volume of fresh fruits and vegetables shipped interstate. The 15 western markets received 2 million tons (16 percent) of this total interstate volume. Receipts were heaviest at Los Angeles, St. Louis, Dallas, and Minneapolis. All the fresh produce arriving at these eastern and western markets is not consumed in them. Some is sold and distributed to other communities. In the process, a portion could again enter interstate commerce.

Rail vs. Truck

For many years the trucking industry competed unsuccessfully with railroads for the interstate traffic in fruits and vegetables. After World War II the situation began to change slowly. Increases in truck size and speed, improvements in refrigeration, and the gradual development of a modern interstate highway system eventually increased their acceptance by shippers. Now truckers are drawing a sizable amount of freight away from the railroads. Trucks hauled 1.4 million tons more fresh produce from production areas to interstate markets than their rail competitors in 1963 (table 12). At least half of the tonnage shipped from 37 States was dispatched in motor carriers. Of the States where shipments moved predominantly by rail, 10 were west of the Mississippi River. In these States, motor carriers handled 34 percent of the volume

^{1/} Prepared by R. M. Bennett, industry economist, Marketing Economics Division, Economic Research Service, USDA.

Table 12.--Major fresh fruits and vegetables: Interstate shipments and total receipts from out-of-state sources unloaded at 37 market areas, by State of origin and type of carrier, 1963

Region and States	Shipments			Unload receipts at 37 markets			Region and States	Shipments			Unload receipts at 37 markets			
	Volume 1/ tons	Share trans- ported by	Percent	Volume 2/ tons	Share arriving by	Percent		Volume 1/ tons	Share trans- ported by	Percent	Volume 2/ tons	Share arriving by	Percent	
														Rail
North Atlantic:														
Maine	9,569	67.3	32.7	6,280	58.4	41.6	North Central:	988	---	100.0	648	---	100.0	
New Hampshire ..	110	---	100.0	72	---	100.0	Ohio	949	---	100.0	623	---	100.0	
Vermont	210	---	100.0	138	---	100.0	Indiana	250	---	100.0	164	---	100.0	
Massachusetts ..	422	2.8	97.2	277	.5	99.5	Illinois	3,009	0.6	99.4	1,973	0.2	99.8	
Rhode Island ..	182	---	100.0	119	---	100.0	Michigan	2,432	13.7	86.3	1,595	13.5	86.5	
Connecticut ...	268	---	100.0	176	---	100.0	Wisconsin ...	1,925	72.5	27.5	1,263	67.1	32.9	
New York	5,315	2.6	97.4	3,487	2.4	97.6	Minnesota ...	41	25.8	74.2	27	19.5	80.5	
New Jersey	3,132	---	100.0	2,054	---	100.0	Iowa	446	1.1	98.9	292	1.1	98.9	
Pennsylvania ...	1,004	---	100.0	659	---	100.0	Missouri	2,648	71.0	29.0	1,736	77.2	22.8	
South Atlantic:														
Delaware	779	0.1	99.9	511	0.1	99.9	North Dakota :	6	52.3	47.7	4	58.8	41.2	
Maryland	540	2.5	97.5	354	.9	99.1	South Dakota :	262	38.6	61.4	172	29.4	70.6	
Virginia	2,601	2.3	97.7	1,705	1.2	98.8	Nebraska	63	1.7	98.3	41	1.0	99.0	
West Virginia :	306	---	100.0	201	---	100.0	Kansas							
North Carolina:	2,138	3.5	96.5	1,403	3.3	96.7	Western:	14	29.6	70.4	9	33.4	66.6	
South Carolina:	2,138	7.8	92.2	1,403	10.4	89.6	Wyoming	2,682	42.1	57.9	1,758	35.1	64.9	
Georgia	1,705	4.7	95.3	1,118	6.8	93.2	Colorado	371	37.7	62.3	243	36.4	63.6	
Florida	25,467	27.5	72.5	15,843	33.2	66.8	New Mexico ...	218	39.6	60.4	143	35.1	64.9	
South Central:														
Kentucky	48	---	100.0	32	---	100.0	Utah	7,804	51.5	48.5	4,776	59.5	40.5	
Tennessee	188	1.6	98.4	123	1.3	98.7	Arizona	109	8.1	91.9	71	6.4	93.6	
Alabama	1,036	43.1	56.9	679	38.7	61.3	Nevada	35,767	67.3	32.7	23,456	71.9	28.1	
Mississippi ...	201	4.1	95.9	132	4.5	95.5	California ...:							
Arkansas	487	2.5	97.5	319	2.8	97.2	Northwestern:							
Louisiana	745	3.5	96.5	488	5.0	95.0	Montana	124	73.0	27.0	81	71.4	28.6	
Oklahoma	79	.5	99.5	52	.5	99.5	Idaho	7,938	91.0	9.0	5,208	88.0	12.0	
Texas	6,324	50.7	49.3	4,149	56.7	43.3	Washington ...	7,614	66.9	33.1	4,997	68.4	31.6	
								Oregon	3,197	56.3	43.7	2,097	51.5	48.5
								Total	143,851	45.2	54.8	93,151	47.3	52.7

1/ Rail and truck shipments data compiled from Fresh Fruits and Vegetables Shipments by Commodities, States, and Months published annually by Market News Branch, Fruit and Vegetable Division, Consumer and Marketing Service, USDA; rail shipments adjusted to exclude intrastate movements; carlot and carlot equivalent data converted to tons using factors given in above publication; truck data estimated for all States except Arizona, California, and Florida.

2/ Rail and truck receipts compiled from Fresh Fruits and Vegetables Unloads, published annually by Market News Branch, Fresh Fruit and Vegetable Division, Consumer and Marketing Service, USDA; truck shipments adjusted for less than full loads. It is estimated that these data represent 95 percent of the total volume received in these markets.

Table 13.--Unload receipts of major fresh fruits and vegetables at 37 market areas from out-of-State sources, by origin and type of carrier, 1963 1/

Markets	California				Florida				Maine				Idaho				Washington			
	Receipts		Share		Receipts		Share		Receipts		Share		Receipts		Share		Receipts		Share	
	100 tons	Pct.	delivered by--	Pct.	100 tons	Pct.	delivered by--	Pct.	100 tons	Pct.	delivered by--	Pct.	100 tons	Pct.	delivered by--	Pct.	100 tons	Pct.	delivered by--	Pct.
			Rail	Truck			Rail	Truck			Rail	Truck			Rail	Truck			Rail	Truck
East of Mississippi River (North):																				
Boston, Mass.	1,425	98.2		1.8	879	59.4		40.6	1,855	40.4		59.6	132	100.0		---	106	98.4		1.6
Providence, R.I.	133	99.1		.9	110	40.9		59.1	134	14.2		85.8	15	100.0		---	9	100.0		---
Albany, N.Y.	217	87.1		12.9	164	34.3		65.7	69	53.3		46.7	20	92.9		7.1	8	73.4		26.6
Buffalo, N.Y.	370	99.5		.5	285	38.9		61.1	20	37.8		62.2	32	100.0		---	21	100.0		---
New York, N.Y. 2/	4,385	97.9		2.1	3,637	41.3		58.7	2,118	82.4		17.6	595	99.9		.1	632	99.9		.1
Philadelphia, Pa.	1,683	95.6		4.4	1,452	45.3		54.7	554	53.4		46.6	224	91.3		8.7	208	95.4		4.6
Pittsburgh, Pa.	756	97.5		2.5	629	32.7		67.3	194	87.4		12.6	99	99.9		.1	86	99.9		.1
Baltimore, Md.	513	92.5		7.5	632	33.0		67.0	346	57.5		42.5	55	79.3		20.7	62	92.9		7.1
Washington, D.C.	336	90.7		9.3	577	27.8		72.2	155	47.7		52.3	57	98.5		1.5	63	97.6		2.4
Cleveland, Ohio	771	96.5		3.5	541	33.1		66.9	241	36.8		63.2	123	99.7		.3	91	98.7		1.3
Cincinnati, Ohio	433	91.9		8.1	414	51.4		48.6	35	64.9		35.1	119	99.6		.4	99	98.8		1.2
Detroit, Mich.	1,070	93.9		6.1	800	54.9		45.1	147	87.1		12.9	260	98.6		1.4	113	95.9		4.1
Indianapolis, Ind.	289	82.0		18.0	218	21.3		78.7	85	36.1		63.9	163	95.9		4.1	38	90.6		9.4
Chicago, Ill.	2,340	87.7		12.3	1,129	39.2		60.8	17	69.0		31.0	627	98.0		2.0	492	98.2		1.8
Milwaukee, Wis.	431	81.0		19.0	164	24.6		75.4	2	92.6		7.4	120	99.0		1.0	68	78.6		21.4
East of Mississippi River (South):																				
Louisville, Ky.	175	82.5		17.5	255	31.9		68.1	94	75.0		25.0	90	98.8		1.2	46	95.7		4.3
Memphis, Tenn.	161	23.6		76.4	168	13.4		86.6	3/	100.0		---	40	100.0		---	56	60.9		39.1
Nashville, Tenn.	115	66.3		33.7	98	22.9		77.1	4	50.0		50.0	110	100.0		---	46	99.6		.4
Columbia, S.C.	154	48.3		51.7	530	2.6		97.4	32	---		100.0	21	96.0		4.0	30	99.4		.6
Birmingham, Ala.	219	31.8		68.2	403	2.3		97.7	4	---		100.0	76	92.7		7.3	68	96.9		3.1
Atlanta, Ga.	352	36.5		63.5	787	1.5		98.5	75	6.4		93.6	110	97.9		2.1	88	98.0		2.0
Miami, Fla.	283	46.4		53.6	---	---		---	86	4.4		95.6	64	99.7		.3	51	94.0		6.0
West of Mississippi River (North):																				
Minneapolis, Minn. 4/	682	66.8		33.2	180	27.1		72.9	---	---		---	100	74.4		25.6	192	64.1		35.9
St. Louis, Mo.	558	60.8		39.2	303	21.7		78.3	1	100.0		---	227	99.6		.4	129	88.0		12.0
Kansas City, Mo.	366	19.9		80.1	181	12.3		87.7	---	---		---	119	97.4		2.6	72	60.7		39.3
Wichita, Kans.	105	17.5		82.5	15	---		100.0	---	---		---	45	87.2		12.8	25	37.6		62.4
Denver, Colo.	673	6.3		93.7	134	1.5		98.5	---	---		---	69	24.6		75.4	115	22.0		78.0
Salt Lake City, Utah	581	8.5		91.5	38	3.7		96.3	---	---		---	174	5.0		95.0	30	3.6		96.4
San Francisco, Calif. 5/	---	---		---	112	5.8		94.2	1	---		100.0	135	18.4		81.6	316	6.5		93.5
Portland, Ore.	782	19.4		80.6	37	62.2		37.8	---	---		---	18	29.2		70.8	223	15.3		84.7
Seattle, Wash. 6/	1,042	24.3		75.7	78	69.4		30.6	---	---		---	50	87.9		12.1	---	---		---
West of Mississippi River (South):																				
New Orleans, La.	297	38.3		61.7	322	9.5		90.5	3	81.8		18.2	88	99.7		.3	122	96.3		3.7
Houston, Tex.	606	42.5		57.5	91	6.2		93.8	---	---		---	114	89.2		10.8	135	66.9		33.1
Dallas, Tex.	544	9.1		90.9	171	1.8		98.2	1	100.0		---	105	74.4		25.6	107	71.7		28.3
Ft. Worth, Tex.	159	13.2		86.8	35	2.4		97.6	---	---		---	52	64.3		35.7	38	64.2		35.8
San Antonio, Tex.	450	18.2		81.8	87	.3		99.7	3/	100.0		---	119	91.4		8.6	106	83.8		16.2
Los Angeles, Calif.	---	---		---	187	3.5		96.5	6	---		100.0	641	83.0		17.0	906	28.0		72.0
Total	23,456	71.9		28.1	15,843	33.2		66.8	6,280	58.4		41.6	5,208	88.0		12.0	4,997	68.4		31.6

Continued--

Table 13.--Unload receipts of major fresh fruits and vegetables at 37 market areas from out-of-State sources, by origin and type of carrier, 1963 1/ Continued--

Markets	Arizona				Texas				New York				Other States				Total			
	Receipts		Share		Receipts		Share		Receipts		Share		Receipts		Share		Receipts		Share	
	delivered by--		delivered by--		delivered by--		delivered by--		delivered by--		delivered by--		delivered by--		delivered by--		delivered by--		delivered by--	
	Rail	Truck	Rail	Truck	Rail	Truck	Rail	Truck	Rail	Truck	Rail	Truck	Rail	Truck	Rail	Truck	Rail	Truck	Rail	Truck
	100 tons	Pct.	100 tons	Pct.	100 tons	Pct.	100 tons	Pct.	100 tons	Pct.	100 tons	Pct.	100 tons	Pct.	100 tons	Pct.	100 tons	Pct.	100 tons	Pct.
East of Mississippi River (North):																				
Boston, Mass.	214	97.4	2.6	98.1	1.9	1.9	441	0.2	99.8	696	13.2	86.8	5,917	57.0	43.0					
Providence, R.I.	29	98.7	1.3	100.0	---	---	42	---	100.0	127	7.3	92.7	618	44.6	55.4					
Albany, N.Y.	35	93.4	6.6	89.8	10.2	10.2	---	---	---	167	5.6	94.4	700	52.3	47.7					
Buffalo, N.Y.	77	100.0	---	99.3	7	7	---	---	---	193	18.0	82.0	1,047	66.9	33.1					
New York, N.Y. 2/	572	97.9	2.1	98.5	1.5	1.5	---	---	---	2,275	13.1	86.9	14,655	68.6	31.4					
Philadelphia, Pa.	270	95.7	4.3	97.9	2.1	2.1	841	2.1	97.9	2,044	8.7	91.3	7,511	48.6	51.4					
Pittsburgh, Pa.	151	97.9	2.1	87.4	12.6	12.6	396	2.2	97.8	1,044	8.2	91.8	3,473	47.5	52.5					
Baltimore, Md.	98	98.2	1.8	82.6	17.4	17.4	412	6.2	93.8	1,024	4.2	95.8	3,234	37.9	62.1					
Washington, D.C.	92	98.0	2.0	83.6	16.4	16.4	363	6.4	93.6	748	5.9	94.1	2,458	35.4	64.6					
Cleveland, Ohio	151	91.5	8.5	77.1	22.9	22.9	171	.2	99.8	938	10.0	90.0	3,137	49.2	50.8					
Cincinnati, Ohio	77	86.0	14.0	76.8	23.2	23.2	43	10.7	89.3	882	28.7	71.3	2,225	57.0	43.0					
Detroit, Mich.	227	96.6	3.4	76.9	23.1	23.1	66	.3	99.7	784	17.1	82.9	3,673	66.7	33.3					
Indianapolis, Ind.	60	97.3	2.7	50.8	49.2	49.2	15	.7	99.3	486	8.6	91.4	1,437	45.0	55.0					
Chicago, Ill.	444	87.7	12.3	69.4	30.6	30.6	58	1.8	98.2	2,905	43.1	56.9	8,573	65.8	34.2					
Milwaukee, Wis.	74	88.7	11.3	63.8	36.2	36.2	14	2.1	97.9	263	29.4	70.6	1,195	62.3	37.7					
East of Mississippi River (South):																				
Louisville, Ky.	32	89.8	10.2	42.1	57.9	57.9	30	.7	99.3	716	11.5	88.5	1,508	37.7	62.3					
Memphis, Tenn.	22	31.7	68.3	19.5	80.5	80.5	7	---	100.0	663	27.5	72.5	1,244	28.0	72.0					
Nashville, Tenn.	22	78.1	21.9	41.1	58.9	58.9	3/	---	100.0	239	12.4	87.6	681	47.3	52.7					
Columbia, S.C.	24	34.1	65.9	18.2	81.8	81.8	151	---	100.0	384	2.0	98.0	1,370	11.9	88.1					
Birmingham, Ala.	32	6.2	93.8	5.2	94.8	94.8	25	---	100.0	527	7.0	93.0	1,438	18.0	82.0					
Atlanta, Ga.	49	25.4	74.6	19.7	80.3	80.3	261	---	100.0	1,014	6.9	93.1	2,872	15.6	84.4					
Miami, Fla.	27	59.2	40.8	17.8	82.2	82.2	135	---	100.0	386	7.4	92.6	1,097	27.6	72.4					
West of Mississippi River (North):																				
Minneapolis, Minn. 4/	127	69.4	30.6	28.2	71.8	71.8	4	---	100.0	353	13.4	86.6	1,744	49.7	50.3					
St. Louis, Mo.	113	73.9	26.1	55.3	44.7	44.7	8	---	100.0	1,113	50.9	49.1	2,752	56.7	43.3					
Kansas City, Mo.	73	26.4	73.6	11.9	88.1	88.1	1	---	100.0	686	27.8	72.2	1,669	29.1	70.9					
Wichita, Kans.	23	16.7	83.3	5.9	94.1	94.1	---	---	---	279	24.7	75.3	552	25.9	74.1					
Denver, Colo.	390	9.7	90.3	1.6	98.4	98.4	1	---	100.0	55	19.3	80.7	1,644	8.4	91.6					
Salt Lake City, Utah	75	1.7	98.3	1.8	98.2	98.2	---	---	---	18	12.4	87.6	935	6.9	93.1					
San Francisco, Calif. 5/	163	2.1	97.9	1.4	98.6	98.6	---	---	---	797	15.2	84.8	1,577	11.3	88.7					
Portland, Ore.	60	34.3	65.7	49.2	50.8	50.8	---	---	---	11	63.1	36.9	1,138	21.5	78.5					
Seattle, Wash. 6/	50	56.2	43.8	40.6	59.4	59.4	---	---	---	198	50.9	49.1	1,431	33.9	66.1					
West of Mississippi River (South):																				
New Orleans, La.	42	6.9	93.1	13.1	86.9	86.9	5	---	100.0	591	20.2	79.8	1,678	29.9	70.1					
Houston, Tex.	59	7.6	92.4	---	---	---	1	---	100.0	412	31.1	68.9	1,418	41.4	58.6					
Dallas, Tex.	147	10.8	89.2	---	---	---	1	---	100.0	741	21.5	78.5	1,817	21.1	78.9					
Ft. Worth, Tex.	30	5.8	94.2	---	---	---	---	---	---	190	22.7	77.3	504	24.8	75.2					
San Antonio, Tex.	56	3.8	96.2	---	---	---	---	---	---	335	16.3	83.7	1,153	29.2	70.8					
Los Angeles, Calif.	589	.2	99.8	.6	99.4	99.4	5	---	100.0	672	39.0	61.0	3,076	34.3	65.7					
Total	4,776	59.5	40.5	4,149	56.7	43.3	3,487	2.4	97.6	24,956	19.9	80.1	93,151	47.3	52.7					

1/ Rail and truck receipts compiled from Fresh Fruits and Vegetables Unloads, published annually by Market News Branch, Fresh Fruit and Vegetable Division, Consumer and Marketing Service, USDA; truck shipments adjusted for less than full loads. It is estimated that these data represent 95 percent of the total volume received in these markets. 2/ Includes Newark, N. J. 3/ Less than 100 tons. 4/ Includes St. Paul, Minn. 5/ Includes Oakland, Calif. 6/ Includes Tacoma, Wash.

originated. In the East--where just one of the States shipped more than half of its fresh produce by rail--trucks moved 77 percent of the traffic.

Carriers' Range of Operation

Operating cost characteristics of rail and motortrucks are vastly different. Short hauls are more economical by truck; long hauls are less expensive by rail. The carriers are competitive for intermediate hauls. These economies influence the way shippers use each carrier for hauling fresh fruits and vegetables from production centers to interstate markets. Fresh fruits and vegetables received at the 37 market centers from nearby producing areas arrived

mainly by truck (table 13). Also, there is evidence that trucks are making a large share of the intermediate and long hauls (table 13). This trend has developed in the wake of the railroads' inability to duplicate adequately some service features offered by motortrucks. For example, trucks provide faster service between origin and destination. Truckers' success in hauling intermediate and long hauls depends in large part on the availability of backhauls from destination area. When return loads are plentiful, truckers can reduce the rate on the front haul to attract freight. It may still be higher than the rate offered by rail, but the spread will be less. If the 2 rates are reasonably close, many users will favor trucks, paying a premium for services they believe warrant the extra cost.

TRUCKING UNDER THE AGRICULTURAL EXEMPTION ^{1/}

The Interstate Commerce Act contains several exemptions from economic regulation by the Commission. The best known of these exemptions--commonly known as the "Agricultural Exemption"--exempts any motor vehicle from economic regulation while carrying in interstate commerce the commodities listed as "exempt" in the Interstate Commerce Act. (Mixing regulated and exempt commodities in a single load renders the entire load regulated.)

A vehicle operating in interstate commerce under the Agricultural Exemption may serve any persons between any points over any routes at any rates agreed to by the shipper and the carrier. The vehicle owner may haul exempt commodities or cease hauling them at will. His only legal obligations beyond his contractual duties are to adhere to certain safety regulations. Thus, the exempt carrier and the shipper both legally and practically have more freedom than their regulated counterparts.

The Carriers

Motor carriers are commonly divided into three broad categories--exempt for-hire, private, and regulated.

Exempt for-hire motor carriers.--The primary business of exempt for-hire carriers is hauling exempt agricultural commodities. They are the chief haulers of agricultural commodities by truck. Most exempt for-hire carriers operate on a small scale. Some, for example, may own only one truck. ^{2/} They may lease their trucks and their services as drivers to other exempt motor carriers or to regulated motor carriers. Very little else is known about these one-unit owners.

Exempt for-hire carriers operating 2 truck-tractor semitrailer combinations are more numerous. A study covering Delaware, Maryland, and Virginia indicates that many exempt truckers are farmers or live in rural communities. Even carriers that operate 5 or more rigs

^{1/} Prepared by T. Q. Hutchinson, industry economist, Marketing Economics Division, Economic Research Service, USDA.

^{2/} M. R. DeWolfe, For-Hire Motor Carriers Hauling Exempt Agricultural Commodities, U.S. Dept. Agr., Econ. Res. Serv., MRR-585, p. 7, Jan. 1963.

are likely to be family business. The driver usually receives a commission on the gross freight revenue, while the office staff is often unpaid. While labor is the largest single cost for these carriers, it is relatively lower than the labor costs of more formally organized carriers. ^{3/}

Operations of the few large exempt for-hire carriers studied are remarkably similar to those of the smaller carriers. The office staff often consists of the owner and a bookkeeper. The owner is the executive, the chief salesman, and the dispatcher. The bookkeeper is salaried and keeps track of the daily transactions. An outside accountant is usually relied upon to prepare Federal, State, and local tax returns. A lawyer is ordinarily retained, also.

Private motor carriers.--Private carriers use their trucks mainly to carry their own goods. Some, however, occasionally act as exempt for-hire carriers. Private motor carriers are in 3 broad categories. The first is the farmer who hauls his own products to market.

The second is the firm whose principal business is either distributing or processing farm products. Many of these carriers own the refrigerated equipment needed to haul perishable commodities. They haul exempt commodities for-hire to increase the utilization of their trucks, which would otherwise frequently move empty for part of a round trip.

The last category of private carriers is composed of firms that do not handle agricultural commodities as their primary business. These firms carry exempt commodities to avoid an empty one-way haul. Since their primary business does not require refrigerated equipment, grain is usually the only agricultural commodity they haul.

Regulated motor carriers.--Regulated

motor carriers may carry exempt agricultural commodities interstate either under their published tariffs or under the terms of the agricultural exemption. While many carriers publish rates for agricultural commodities, most of their hauling of these commodities is done under the exemption. However, the total quantity of agricultural products hauled by these carriers under the exemption is relatively small. The regulated motor carriers generally accept agricultural commodities under terms of the exemption only when no other cargo is available; even then they may refuse them.

The Shippers

Shippers of exempt commodities may be divided into two large groups--farmers and assemblers. These categories are not exact and frequently overlap, especially in highly integrated operations.

While most agricultural commodities are shipped from the farms in trucks, most of these vehicles come from non-farm sources. The relatively small number of vehicles suitable for long hauls that are operated by farmers and ranchers indicates that most of them do not haul their commodities in interstate commerce. ^{4/} Agricultural commodities often leave farms in semitrailers hired by assemblers.

To understand how the exemption benefits the assembler, one must first understand the assembler's position and problems in the marketing chain. The assembler is usually located close to the grower, both in the physical and in the marketing sense. His operation is small in comparison with the distributors to whom he sells. His capital is limited, his margins are narrow, and his supply is highly seasonal. The country grain elevator operator is a good example. Lack of capital often precludes investment

^{3/} J. H. Hunter, Costs of Operating Exempt For-Hire Motor Carriers of Agricultural Commodities, U.S. Dept. Agr., Econ. Res. Serv., ERS-109, p. 7, Feb. 1963.

^{4/} 1963 Census of Transportation, Truck Inventory and Use Survey, table 4. U.S. Bureau of the Census.

in facilities necessary to store more than a portion of his purchases. Obviously, he must transport them as soon after receipt as possible. His inability to store large quantities and the seasonality of his supply dictate the kind of transportation service he buys. His demand for the service is highly seasonal. The low overhead and geographic freedom enjoyed by exempt carriers enable them to keep rates low while offering seasonal service. Those low rates are passed back to the farmer in the form of higher prices for his commodities.

If the assembler's transportation costs were higher, he would not be likely to absorb the higher costs, but would pass them on to farmers and consumers in the form of reduced prices paid to farmers and increased consumer prices. Since these assemblers are closer in the marketing chain to the farmer than to the consumer, farmers probably would be affected most.

The Brokers

Between the shipper--whether grower or assembler--and the exempt carrier, there is often a third party, the exempt truck broker. His chief function is to bring buyers and sellers together in the marketplace.

The exempt truck broker offers truckers a variety of services. The most important of these--aside from the primary service of booking a load--is making short-term loans for truckers' operating expenses. Interest charges for these loans are frequently computed in an unusual way; they are based on the gross freight receipts

of the movement rather than the amount of the loan. 5/

Truck brokers usually carry cargo insurance for the loads they book, and many carry personal liability and property damage policies to cover truckers with whom they book loads. They help truckers fill out State tax forms and provide information on Federal and State regulations applying to interstate trucking. Many brokers operate truckstops where fuel, repairs, food, sleeping, and washing accommodations are available.

Although there are truck brokers throughout the United States, they are concentrated in Florida and to a lesser extent in the North Central and Western States. The loads they book reflects regional characteristics. Most of their loads--about 70 percent--consist of fresh fruits and vegetables originating in Florida. Grain from the Western and North Central regions makes up the next largest volume booked, but accounts for less than 10 percent of the total tonnage.

The exempt truck broker often plays another role in agricultural marketing. Slightly more than half the brokers are also exempt motor carriers and nearly one-fourth hold some motortruck operating rights from the Interstate Commerce Commission. Brokers' exempt for-hire operations tend to be large compared to those for-hire carriers of exempt commodities. Despite their relatively large size, they are not major carriers of exempt commodities. They comprise less than 6 percent of the more than 2,300 motor carriers known to haul agricultural commodities and a smaller percentage of those believed to haul these commodities. 6/

5/ J. H. Hunter, The Role of Truck Brokers in the Movement of Exempt Agricultural Commodities, U.S. Dept. Agr., MRR-525, pp. 24 and 29, Feb. 1962.

6/ M. R. DeWolfe, For-Hire Motor Carriers Hauling Exempt Agricultural Commodities, U.S. Dept. Agr., Econ. Res. Serv., MRR-585, p. 3, Jan. 1963; J. H. Hunter, The Role of Truck Brokers in the Movement of Exempt Agricultural Commodities, U.S. Dept. Agr., Econ. Res. Serv., MRR-525, p. 4, Feb. 1962; and T. Q. Hutchinson, Private Motor Carriers of Exempt Agricultural Commodities, U.S. Dept. Agr., Econ. Res. Serv., MRR-696, p. 2, Mar. 1965, indicate the existence of 2,300 haulers of exempt agricultural commodities as a minimum.

FARMERS AND RANCHERS OPERATE 29 PERCENT OF ALL U.S. MOTORTRUCKS

The 1963 Census of Transportation shows that 29 percent of all trucks registered in the United States were principally used in agriculture. As might be expected, 65 percent of these trucks were pickups (table 14). Platform and cattle rack trucks suitable for hauling farm supplies as well as livestock accounted for another

31 percent of all farm trucks. Although farmers are major truck operators, it is clear that much of the transportation required to market their crops and livestock must be provided by nonfarm trucks. The capacity of their trucks is not capable of hauling more than a small part of their production during the marketing season.

Table 14.--Number of motor trucks used for agriculture, by region and type
1963 1/

Region	Pickup	Platform and cattle rack	All body types
	<u>Number</u>	<u>Number</u>	<u>Number</u>
North Atlantic	119,476	87,893	244,397
East North Central	372,004	186,924	580,620
West North Central	501,180	324,605	848,886
South Atlantic	322,639	103,464	449,213
South Central	757,278	219,539	1,000,243
West	312,900	219,278	552,426
Total	2,382,477	1,141,703	3,675,785

1/ U.S. Bureau of the Census, 1963 Census of Transportation, Truck Inventory and Use Survey, table 4.

Table 15.--Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, January-March 1965

Product 1/	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value 2/	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket			1,014.63	---	---	382.45	632.18	38
Meat products			282.31	---	---	139.92	142.39	50
Dairy products			179.44	---	---	79.50	99.94	44
Poultry and eggs		Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	81.80	---	---	45.63	36.17	56
Bakery and cereal products	Farm produce equivalent to products bought per urban wage-earner and clerical-worker household in 1960-61	per urban wage-earner and clerical-worker household in 1960-61	161.01	---	---	33.19	127.82	21
All ingredients			---	31.07	5.36	25.71	---	16
Grain 3/			226.80	---	---	63.56	163.24	28
All fruits and vegetables			109.25	---	---	36.61	72.64	34
Fresh fruits and vegetables			39.47	---	---	12.47	27.00	32
Fresh fruits			69.78	---	---	24.14	45.64	35
Fresh vegetables			117.55	---	---	26.95	90.60	23
Processed fruits and vegetables			37.08	---	---	12.72	24.36	34
Fats and oils			46.19	---	---	7.93	38.26	17
Miscellaneous products								
			Cents	Cents	Cents	Cents	Cents	Percent
Beef, Choice grade	2.25 lb. Choice grade cattle	Pound	78.6	47.9	4.3	43.6	35.0	55
Lamb, Choice grade	2.35 lb. lamb	Pound	75.4	50.2	8.1	42.1	33.3	56
Pork	2.00 lb. hogs	Pound	56.8	32.8	4.5	28.3	28.5	50
Butter	Cream and whole milk	Pound	75.1	---	---	53.5	21.6	71
Cheese, American process	Milk for American cheese	$\frac{1}{2}$ pound	37.5	---	---	15.4	22.1	41
Ice cream	Cream, milk, and sugar	gallon	79.5	---	---	24.8	54.7	31
Milk, evaporated	Milk for evaporating	$14\frac{1}{2}$ -ounce can	15.2	---	---	6.6	8.6	43
Milk, fresh								
Home delivered	4.39 lb. Class I milk	$\frac{1}{2}$ gallon	52.8	---	---	21.9	30.9	41
Sold in stores	4.39 lb. Class I milk	$\frac{1}{2}$ gallon	47.5	---	---	21.9	25.6	46
Chickens, frying, ready-to-cook	1.37 lb. broiler	Pound	38.3	---	---	20.6	17.7	54
Eggs, Grade A large	1.03 dozen	Dozen	49.4	---	---	28.5	20.9	58
Bread, white								
All ingredients	Wheat and other ingredients	Pound	21.0	---	---	3.3	17.7	16
Wheat .....	.877 lb. wheat	Pound	---	3.0	.3	2.7	---	13
Bread, whole or cracked wheat	Wheat and other ingredients	Pound	26.7	---	---	3.0	23.7	11
Cookies, sandwich	Wheat and other ingredients	Pound	50.9	---	---	4.4	46.5	9
Corn flakes	2.87 lb. yellow corn	12 ounces	29.0	$\frac{4}{6.1}$	$\frac{4}{3.5}$	$\frac{4}{2.6}$	26.4	9
Flour, white	6.8 lb. wheat	5 pounds	58.1	23.6	2.9	20.7	37.4	36
Apples	1.04 lb. apples	Pound	16.3	---	---	5.6	10.7	34
Grapefruit	1.03 grapefruit	Each	12.5	---	---	2.4	10.1	19
Lemons	1.04 lb. lemons	Pound	24.6	---	---	7.1	17.5	29
Oranges	1.03 doz. oranges	Dozen	75.4	---	---	21.2	54.2	28
Cabbage	1.08 lb. cabbage	Pound	10.7	---	---	2.9	7.8	27
Carrots	1.03 lb. carrots	Pound	14.6	---	---	3.7	10.9	25
Celery	1.08 lb. celery	Pound	15.7	---	---	4.7	11.0	30
Cucumbers	1.09 lb. cucumbers	Pound	25.3	---	---	9.3	16.0	37
Lettuce	1.88 lb. lettuce	Head	23.1	---	---	6.3	16.8	27
Onions	1.06 lb. onions	Pound	11.0	---	---	2.8	8.2	25
Peppers, green	1.09 lb. peppers	Pound	31.3	---	---	10.4	20.9	33
Potatoes	10.42 lb. potatoes	10 pounds	96.3	---	---	42.6	53.7	44
Spinach .....	.71 lb. spinach	10 ounces	28.5	---	---	5.6	22.9	20
Tomatoes	1.18 lb. tomatoes	Pound	33.8	---	---	10.5	23.3	31
Peaches, canned	1.60 lb. Calif. cling peaches	No. $2\frac{1}{2}$ can	31.8	---	---	5.8	26.0	18
Pears, canned	1.85 lb. pears for canning	No. $2\frac{1}{2}$ can	45.6	---	---	7.9	37.7	17
Beets, canned	1.24 lb. beets for canning	No. 303 can	16.4	---	---	1.2	15.2	7
Corn, canned	2.495 lb. sweet corn	No. 303 can	19.6	---	---	2.5	17.1	13
Peas, canned .....	.69 lb. peas for canning	No. 303 can	23.0	---	---	3.2	19.8	14
Tomatoes, canned	1.84 lb. tomatoes for canning	No. 303 can	16.0	---	---	2.8	13.2	18
Orange juice, concentrate, frozen ..	3.78 lb. oranges	6-ounce can	27.4	---	---	13.2	14.2	48
French fried potatoes, frozen	1.38 lb. potatoes	9 ounces	16.9	---	---	3.7	13.2	22
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	20.6	---	---	3.5	17.1	17
Beans, navy	1.00 lb. Mich. dry beans	Pound	17.2	---	---	6.9	10.3	40
Margarine	Soybeans, cottonseed, and milk	Pound	27.7	---	---	9.6	18.1	35
Peanut butter	1.33 lb. peanuts	12-ounce jar	44.7	---	---	15.6	29.1	35
Salad and cooking oil	Soybeans, cottonseed, and corn	Pint	33.8	---	---	10.1	23.7	30
Vegetable shortening	Soybeans and cottonseed	3 pounds	87.5	---	---	33.4	54.1	38
Sugar	Sugar beets and cane	5 pounds	58.9	22.6	1.4	$\frac{5}{21.2}$	$\frac{5}{37.7}$	36
Spaghetti with sauce, canned	Wheat, tomatoes, cheese, sugar	$15\frac{1}{2}$ -ounce can	15.1	---	---	1.5	13.6	10

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed values of byproducts, obtained in processing.

3/ For the bakery and cereal products group and the individual wheat products, gross farm value, byproduct allowance, net farm value, and farmer's share are based on the market price of wheat received by farmers plus 70 cents per bushel, the cost of the marketing certificate to millers and the value of the domestic marketing certificate received by farmers complying fully with the 1964 Wheat Program.

4/ Based on market price of corn received by farmers; no allowance made for price support payment received by farmers who comply with the Federal Feed Grain Program.

5/ Net farm value adjusted for Government payments to producers was 25.2 cents, farm-retail spread adjusted for Government processor tax was 35.0 cents, and farmer's share of retail cost based on adjusted farm value was 43 percent.

Table 16.--Farm food products: Retail cost and farm value, January-March 1965, October-December 1964, January-March 1964 and 1957-59 average

Product 1/	Retail unit	Retail cost						Net farm value 2/					
		Jan.-		Oct.-		Jan.-		Jan.-		Oct.-		Jan.-	
		Mar.		Dec.		Mar.		1957-59		Mar.		1957-59	
		1965		1964		1964 3/		average		1965		average	
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Dollars	Dollars	Dollars	Percent	Percent
Market basket		1,014.63	1,019.42	1,010.77	982.65	4/	4/	382.45	3/378.73	371.24	387.87	1	3
Meat products		282.31	3/284.71	278.52	285.05	-1	1	139.92	3/132.74	134.22	154.47	5	4
Dairy products	Average	179.44	179.83	179.30	173.33	4/	4/	79.50	3/80.75	79.32	77.85	-2	4/
Poultry and eggs	quantities	81.80	86.08	86.35	93.02	-5	-5	45.63	48.27	49.44	56.28	-5	-8
Bakery and cereal products 5/	purchased												
All ingredients	per urban	161.01	161.14	158.60	148.40	4/	2	33.19	3/33.29	32.16	30.55	4/	3
Grain	wage-earner	---	---	---	---	---	---	25.71	25.61	24.55	23.40	4/	5
All fruits and vegetables	and												
Fresh fruits and vegetables ..	clerical-	226.80	3/226.22	225.48	202.96	4/	1	63.56	3/63.54	57.90	50.05	4/	10
Fresh fruits	worker	109.25	3/107.97	104.07	91.15	1	5	36.61	3/36.16	34.69	28.70	-1	6
Fresh vegetables	household	39.47	3/43.20	39.82	36.26	-9	-1	12.47	3/14.52	13.23	12.26	-14	-6
Processed fruits and	in	69.78	3/64.77	64.25	54.89	8	9	24.14	3/21.64	21.46	16.44	12	12
vegetables	1960-61												
Fats and oils		117.55	118.25	121.41	111.81	-1	-3	26.95	3/27.38	23.21	21.35	-2	16
Miscellaneous products		37.08	3/35.10	34.88	37.56	6	6	12.72	3/11.90	9.43	11.19	7	35
		46.19	46.34	47.64	42.33	4/	-3	7.93	8.24	8.77	7.48	-4	-10
		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent
Beef, Choice grade	Pound	78.6	79.3	77.5	78.1	-1	1	43.6	42.7	43.0	48.3	2	1
Lamb, Choice grade	Pound	75.4	3/77.5	71.9	70.0	-3	5	42.1	38.4	37.0	40.2	10	14
Pork	Pound	56.8	57.1	55.6	60.5	-1	2	28.3	25.9	25.4	31.0	9	11
Butter	Pound	75.1	75.8	73.8	73.2	-1	2	53.5	3/54.2	52.2	52.6	-1	2
Cheese, American process	1/2 pound	37.5	37.2	36.6	32.3	1	2	15.4	15.6	15.2	14.2	-1	1
Ice cream	1/2 gallon	79.5	79.3	81.4	84.2	4/	-2	24.8	25.0	24.6	23.4	-1	1
Milk, evaporated	14 1/2-ounce can	15.2	15.0	14.9	14.5	1	2	6.6	6.5	6.5	6.2	2	2
Milk, fresh													
Home delivered	1/2 gallon	52.8	52.8	52.9	50.8	0	4/	21.9	22.4	22.1	21.9	-2	-1
Sold in stores	1/2 gallon	47.5	48.0	47.8	46.6	-1	-1	21.9	22.4	22.1	21.9	-2	-1
Chickens, frying, ready-to-cook ..	Pound	38.3	38.2	37.5	43.5	4/	2	20.6	19.6	19.6	24.4	5	5
Eggs, Grade A large	Dozen	49.4	55.5	56.9	56.2	-11	-13	28.5	33.9	35.4	36.1	-16	-19
Bread, white													
All ingredients	Pound	21.0	20.9	20.6	18.5	4/	2	3.3	3.3	3.1	3.0	0	6
Wheat	Pound	---	---	---	---	---	---	2.7	2.7	2.5	2.4	0	8
Bread, whole or cracked wheat ..	Pound	26.7	26.7	26.1	---	0	2	3.0	3.1	2.9	---	-3	3
Cookies, sandwich	Pound	50.9	51.0	51.2	---	4/	-1	4.4	4.4	4.2	---	0	5
Corn flakes	12 ounces	29.0	29.0	28.1	24.5	0	3	2.6	2.4	2.5	2.4	8	4
Flour, white	5 pounds	58.1	57.7	55.8	53.3	1	4	20.7	20.9	19.7	18.8	-1	5
Apples	Pound	16.3	3/14.6	15.9	16.1	2	3	5.6	5.2	4.7	4.7	8	19
Grapefruit	Each	12.5	3/15.9	13.2	10.7	-21	-5	2.4	3.6	3.6	2.7	-33	-33
Lemons	Pound	24.6	23.1	21.0	18.4	6	17	7.1	7.0	4.9	4.2	1	45
Oranges	Dozen	75.4	97.3	78.3	66.0	-23	-4	21.2	30.2	25.6	23.2	-30	-17
Cabbage	Pound	10.7	10.1	10.5	8.7	6	2	2.9	3.2	2.3	2.4	-9	26
Carrots	Pound	14.6	15.2	14.7	14.5	-4	-1	3.7	4.0	2.3	3.7	-8	61
Celery	Pound	15.7	15.5	16.5	15.3	1	-5	4.7	4.2	6.1	4.4	12	-23
Cucumbers	Pound	25.3	23.2	30.7	---	9	-18	9.3	7.0	15.7	---	33	-41
Lettuce	Head	23.1	25.9	28.2	22.6	-11	-18	6.3	9.3	11.9	6.0	-32	-47
Onions	Pound	11.0	10.9	11.5	10.1	1	-4	2.8	3.1	3.5	3.4	-10	-20
Peppers, green	Pound	31.3	3/30.9	37.0	---	1	-15	10.4	9.7	13.6	---	7	-24
Potatoes	10 pounds	96.3	77.0	60.8	58.3	25	58	42.6	3/29.1	17.5	17.8	46	143
Spinach	10 ounces	28.5	3/29.3	27.4	---	-3	4	5.6	3/5.8	5.4	---	-3	4
Tomatoes	Pound	33.8	31.9	35.9	30.1	6	-6	10.5	10.9	13.3	10.6	-4	-21
Peaches, canned	No. 2 1/2 can	31.8	31.9	33.2	34.3	4/	-4	5.8	3/5.8	4.6	6.1	0	26
Pears, canned	No. 2 1/2 can	45.6	47.9	48.4	---	-5	-6	7.9	7.9	10.1	---	0	-22
Beets, canned	No. 303 can	16.4	16.5	16.9	---	-1	-3	1.2	1.2	1.1	---	0	9
Corn, canned	No. 303 can	19.6	19.1	18.9	17.8	3	4	2.5	2.5	2.4	2.4	0	4
Peas, canned	No. 303 can	23.0	22.6	22.7	21.0	2	1	3.2	3.2	2.9	3.1	0	10
Tomatoes, canned	No. 303 can	16.0	16.0	15.9	15.6	0	1	2.8	2.8	2.5	2.3	0	12
Orange juice, concentrate, frozen	6-ounce can	27.4	29.8	32.4	23.4	-8	-15	13.2	3/15.7	12.3	8.2	-16	7
French fried potatoes, frozen ..	9 ounces	16.9	16.2	17.0	---	4	-1	3.7	3/2.8	1.8	---	32	106
Peas, frozen	10 ounces	20.6	20.9	21.0	19.9	-1	-2	3.5	3.5	3.0	3.2	0	17
Beans, navy	Pound	17.2	16.7	16.7	16.3	3	3	6.9	7.0	6.4	6.9	-1	8
Margarine	Pound	27.7	26.2	26.0	27.4	6	7	9.6	8.9	6.7	7.8	8	43
Peanut butter	12-ounce jar	44.7	3/44.3	43.6	41.4	1	3	15.6	15.1	15.2	14.1	3	3
Salad and cooking oil	Pint	33.8	32.1	32.3	---	5	5	10.1	3/9.3	7.2	---	9	40
Vegetable shortening	3 pounds	87.5	3/80.7	79.7	90.4	8	10	33.4	3/31.0	23.6	28.2	8	42
Sugar	5 pounds	58.9	58.6	71.4	54.5	1	-18	21.2	22.8	24.3	20.2	-7	-13
Spaghetti with sauce, canned	15 1/2-ounce can	15.1	15.1	15.0	---	0	1	1.5	1.6	1.7	---	-6	-12

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed value of byproducts obtained in processing.

3/ Most retail cost and farm value figures for January-March 1964 have been revised; figures in other columns revised as indicated.

4/ Less than 0.5 percent.

5/ For the bakery products group and the individual wheat products, the net farm value for July 1964 to date is based on the market price of wheat received by farmers plus 70 cents per bushel, the cost of the marketing certificate to millers and the value of the domestic marketing certificate received by farmers complying fully with the 1964 Wheat Program.

Table 17.--Farm food products: Farm-retail spread and farmer's share of the retail cost, January-March 1965, October-December 1964, January-March 1964 and 1957-59 average

Product 1/	Retail unit	Farm-retail spread 2/					Farmer's share				
		Jan.-	Oct.-	Jan.-	1957-59	Percentage change from-	Jan.-	Oct.-	Jan.-	1957-59	Percentage change from-
		Mar.	Dec.	Mar.	average		Mar.	Dec.	Mar.	average	
		1965	1964	1964 3/			1965	1964	1964 3/		
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent
Market basket		632.18	3/640.69	639.53	594.78	-1	-1	38	37	37	39
Meat products		142.39	3/151.97	144.30	130.58	-6	-1	50	47	48	54
Dairy products	Average quantities purchased per urban wage-earner and clerical-worker	99.94	3/99.08	99.98	95.48	1	4/	44	45	44	45
Poultry and eggs	household	36.17	37.81	36.91	36.74	-4	-2	56	56	57	61
Bakery and cereal products 5/	1960-61	127.82	3/127.85	126.44	117.85	4/	1	21	21	20	21
All ingredients		---	---	---	---	---	---	16	16	15	16
Grain		163.24	3/162.68	167.58	152.91	4/	-3	28	3/28	26	25
All fruits and vegetables		72.64	3/71.81	69.38	62.45	1	5	34	33	33	31
Fresh fruits and vegetables ..		27.00	3/28.68	26.59	24.00	-6	2	32	3/34	33	34
Fresh fruits		45.64	3/43.13	42.79	38.45	6	7	35	3/33	33	30
Fresh vegetables		90.60	3/90.87	93.20	90.46	4/	-8	23	3/23	19	19
Processed fruits and vegetables		24.36	3/23.20	25.45	26.37	5	-4	34	34	27	30
Fats and oils		38.26	38.10	38.87	34.85	4/	-2	17	18	18	18
Miscellaneous products		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef, Choice grade	Pound	35.0	36.6	34.5	29.8	-4	1	55	54	55	62
Lamb, Choice grade	Pound	33.3	3/37.1	34.9	29.8	-10	-5	56	3/51	51	57
Pork	Pound	28.5	31.2	30.2	29.5	-9	-6	50	45	46	51
Butter	Pound	21.6	3/21.6	21.6	20.6	0	0	71	72	71	72
Cheese, American process	1/2 pound	22.1	21.6	21.4	18.1	2	3	41	42	42	44
Ice cream	1/2 gallon	54.7	54.3	56.8	60.8	1	-4	31	32	30	28
Milk, evaporated	14 1/2-ounce can	8.6	8.5	8.4	8.3	1	2	43	43	44	43
Milk, fresh		30.9	30.4	30.8	28.9	2	4/	41	42	42	43
Home delivered	1/2 gallon	25.6	25.6	25.7	24.7	0	4/	46	47	46	47
Sold in stores		17.7	18.6	17.9	19.1	-5	-1	54	51	52	56
Chickens, frying, ready-to-cook ..	Pound	20.9	21.6	21.5	20.1	-3	-3	58	61	62	64
Eggs, Grade A large	Dozen										
Bread, white		17.7	17.6	17.5	15.5	1	1	16	16	15	16
All ingredients	Pound	---	---	---	---	---	---	13	13	12	13
Wheat	Pound	23.7	23.6	23.2	---	4/	2	11	12	11	---
Bread, whole or cracked wheat	Pound	46.5	46.6	47.0	---	4/	-1	9	9	8	---
Cookies, sandwich	Pound	26.4	26.6	25.6	22.1	-1	3	9	8	9	10
Corn flakes	12 ounces	37.4	36.8	36.1	34.5	2	4	36	36	35	35
Flour, white	5 pounds										
Apples	Pound	10.7	3/9.4	11.2	11.4	14	-4	34	3/36	30	29
Grapefruit	Each	10.1	3/12.3	9.6	8.0	-18	5	19	3/23	27	25
Lemons	Pound	17.5	16.1	16.1	14.2	9	9	29	30	23	23
Oranges	Dozen	54.2	67.1	52.7	42.8	-19	3	28	31	33	35
Cabbage	Pound	7.8	6.9	8.2	6.3	13	-5	27	32	22	28
Carrots	Pound	10.9	11.2	12.4	10.8	-3	-12	25	26	16	26
Celery	Pound	11.0	11.3	10.4	10.9	-3	6	30	27	37	29
Cucumbers	Pound	16.0	16.2	15.0	---	-1	7	37	30	51	---
Lettuce	Head	16.8	16.6	16.3	16.6	1	3	27	36	42	27
Onions	Pound	8.2	7.8	8.0	6.7	5	2	25	28	30	34
Peppers, green	Pound	20.9	3/21.2	23.4	---	-11	-11	33	31	37	---
Potatoes	10 pounds	53.7	3/47.9	43.3	40.5	12	24	44	38	29	31
Spinach	10 ounces	22.9	3/23.5	22.0	---	-3	4	20	3/20	20	---
Tomatoes	Pound	23.3	21.0	22.6	19.5	11	3	31	34	37	35
Peaches, canned	No. 2 1/2 can	26.0	3/26.1	28.6	28.2	4/	-9	18	3/18	14	18
Pears, canned	No. 2 1/2 can	37.7	40.0	38.3	---	-6	-2	17	16	21	---
Beets, canned	No. 303 can	15.2	15.3	15.8	---	-1	-4	7	7	7	---
Corn, canned	No. 303 can	17.1	16.6	16.5	15.4	3	4	13	13	13	13
Peas, canned	No. 303 can	19.8	19.4	19.8	17.9	2	0	14	14	13	15
Tomatoes, canned	No. 303 can	13.2	13.2	13.4	13.3	0	-1	18	18	16	15
Orange juice, concentrate, frozen	6-ounce can	14.2	3/14.1	20.1	15.2	1	-29	48	3/53	38	35
French fried potatoes, frozen	9 ounces	13.2	3/13.4	15.2	---	-1	-13	22	17	11	---
Peas, frozen	10 ounces	17.1	17.4	18.0	16.7	-2	-5	17	17	14	16
Beans, navy	Pound	10.3	9.7	10.3	9.4	6	0	40	42	38	42
Margarine	Pound	18.1	17.3	19.3	19.6	5	-6	35	34	26	28
Peanut butter	12-ounce jar	29.1	3/29.2	28.4	27.3	4/	2	35	34	35	34
Salad and cooking oil	Pint	23.7	3/22.8	25.1	---	4	-6	30	3/29	22	---
Vegetable shortening	3 pounds	54.1	3/49.7	56.1	62.2	9	-4	38	3/38	30	31
Sugar	5 pounds	37.7	35.8	47.1	34.3	5	-20	36	39	34	37
Spaghetti with sauce, canned	15 1/2-ounce can	13.6	13.5	13.3	---	1	2	10	11	11	---

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ The farm-retail spread is the difference between the retail cost and the net farm value shown in table on opposite page.

3/ Most farm-retail spread and farmer's share figures for January-March 1964 have been revised; figures in other columns revised as indicated.

4/ Less than 0.5 percent.

5/ For the bakery products group and the individual wheat products, the farmer's share for July 1964 to date is based on the market price of wheat received by farmers plus 70 cents per bushel, the cost of the marketing certificate to millers and the value of the domestic marketing certificate received by farmers complying fully with the 1964 Wheat Program.

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